

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 THE COMPROMISE OR ARRANGEMENT OF **ALEAFIA
HEALTH INC., EMBLEM CORP., EMBLEM CANNABIS CORPORATION, EMBLEM
REALTY LTD., GROWWISE HEALTH LIMITED, CANABO MEDICAL
CORPORATION, ALEAFIA INC., ALEAFIA FARMS INC., ALEAFIA BRANDS INC.,
ALEAFIA RETAIL INC., 2672533 ONTARIO INC., and 2676063 ONTARIO INC.**

Applicants

**APPLICATION RECORD
(returnable July 25, 2023)**

July 25, 2023

AIRD & BERLIS LLP

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TO: SERVICE LIST

Court File No.:

**ONTARIO
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B E T W E E N :

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36,
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AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF **ALEAFIA HEALTH INC., EMBLEM CORP., EMBLEM CANNABIS CORPORATION, EMBLEM REALTY LTD., GROWWISE HEALTH LIMITED, CANABO MEDICAL CORPORATION, ALEAFIA INC., ALEAFIA FARMS INC., ALEAFIA BRANDS INC., ALEAFIA RETAIL INC., 2672533 ONTARIO INC., AND 2676063 ONTARIO INC.**

Applicants

**SERVICE LIST
(as of July 25, 2023)**

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Applicants

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TAB 1

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ALEAFIA RETAIL INC., 2672533 ONTARIO INC., and 2676063 ONTARIO INC.**

Applicants

**NOTICE OF APPLICATION
(returnable July 25, 2023)**

TO THE RESPONDENT

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

THIS APPLICATION will come on for a hearing (*choose one of the following*)

- In writing
- In person
- By telephone conference

X By video conference

At the following location:

<https://ca01web.zoom.us/j/61474879934?pwd=NDQvb3ZKRkN0b3hpTWNPUIRaaWt0QT09>

on **Tuesday, July 25, 2023, at 8:00 A.M.**

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer

Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

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

IF YOU FAIL TO APPEAR AT THE HEARING, AN ORDER MAY BE MADE IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. If you wish to oppose this application but are unable to pay legal fees, legal aid may be available to you by contracting a Local Legal Aid office

Date: July 25, 2023

Issued by _____
Local registrar

Address of 330 University Avenue
court office Toronto, ON M5G 1R8

TO: SERVICE LIST

APPLICATION

1. Aleafia Health Inc. (“**Aleafia Parent**”), Emblem Corp. (“**Emblem**”), Emblem Cannabis Corporation (“**Emblem Cannabis**”), Emblem Realty Ltd. (“**Emblem Realty**”), Growwise Health Limited (“**Growwise**”), Canabo Medical Corporation (“**Canabo**”), Aleafia Inc. (“**Aleafia Sub**”), Aleafia Farms Inc. (“**Aleafia Farms**”), Aleafia Brands Inc. (“**Aleafia Brands**”), Aleafia Retail Inc. (“**Aleafia Retail**”), 2672533 Ontario Inc. (“**2672**”) and 2676063 Ontario Inc. (“**2676**” and with Aleafia Parent, Emblem, Emblem Cannabis, Emblem Realty, Growwise, Canabo, Aleafia Sub, Aleafia Farms, Aleafia Brands, Aleafia Retail and 2672, the “**Aleafia Group**” or the “**Applicants**”) make application for an Order substantially in the form attached herein to this Application Record (the “**Initial Order**”), *inter alia*:
 - (a) abridging the time for service of the Application and the materials filed in support thereof, and dispensing with further service thereof;
 - (b) declaring that the Applicants are parties to which the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) applies;
 - (c) appointing KSV Restructuring Inc. (“**KSV**” or the “**Proposed Monitor**”) as an officer of the Court to monitor the assets, business, and affairs of the Applicants (once appointed in such capacity, the “**Monitor**”);
 - (d) approving the Applicants’ ability to borrow under a debtor-in-possession (“**DIP**”) credit facility (the “**DIP Loan**”) to finance their working capital requirements and other general corporate purposes, expenses and costs over the CCAA proceedings;
 - (e) staying, for an initial period of not more than ten (10) days, all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor, their directors and officers, or affecting the Applicants’ business or the Property (as defined in the Initial Order), except as otherwise set forth in the Initial Order or as otherwise permitted by law (the “**Stay of Proceedings**”);

- (f) granting the following charges (collectively, the “**Charges**”) over the Property:
- (i) an “Administration Charge” against the Property in the initial amount of \$500,000, as security for the payment of the professional fees and disbursements incurred and to be incurred by the Proposed Monitor, counsel to the Proposed Monitor, and counsel to the Applicants, in connection with the CCAA proceedings both before and after the making of the Initial Order;
 - (ii) a “DIP Lender’s Charge” against the Property in the amount of the Initial Advance (term as defined herein) as security for the Applicants’ obligations under the DIP Loan;
 - (iii) a “Directors’ Charge” against the Property in the maximum amount of \$835,000, in favour of the directors and officers of the Applicants, as security for the Applicants’ obligation to indemnify such directors and officers for obligations and liabilities they may incur in such capacities after the commencement of the CCAA proceedings, except to the extent that such obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct;
- (g) approving payment to certain suppliers who are critical to the business and operations of the Aleafia Group for pre-filing expenses or to honour cheques issued to providers of goods and services prior to the Initial Order, with consent of the Monitor, which are necessary to facilitate the Applicants’ ongoing operations and to preserve value during the CCAA proceedings;
- (h) authorizing the Aleafia Group to continue utilizing its Cash Management System (term as defined below); and
- (i) grants such further and other relief as this Court may deem just and equitable.

2. If the Initial Order is granted, the Applicants intend to return to Court within ten (10) days (the “**Comeback Hearing**”) to seek approval of an Amended and Restated Initial Order (“**ARIO**”), *inter alia*:
 - (a) extending the Stay of Proceedings;
 - (b) increasing the quantum of and priming each of the Charges;
 - (c) seeking relief from certain securities reporting obligations;
 - (d) relieving Aleafia Parent of any obligation to call and hold its annual general meeting of shareholders until further Order of this Court; and
 - (e) seek such other relief as may be required to advance the Applicants’ restructuring efforts.
3. Notice to secured creditors of the Aleafia Group who are impacted by the Charges will be given in anticipation of the Comeback Hearing;
4. The Applicants also intend to, assuming the ARIO is granted, return to the Court for an order, *inter alia*, approving a sale and investment solicitation process and related bidding procedures.
5. The grounds for the application are:

OVERVIEW

6. The Aleafia Group is a federally licensed Canadian cannabis company providing cannabis products to five of Canada’s largest provinces (Ontario, Alberta, British Columbia, Saskatchewan and Manitoba) and destined for select international medical cannabis markets;
7. Aleafia Parent is a reporting issuer in each of the provinces and territories of Canada, and common shares in its capital are listed on the Toronto Stock Exchange in Canada under the trading symbol “AH”, and on the OTC Markets Group in the United States under the trading symbol “ALEAF”;

8. The Applicants are all companies incorporated by or under an Act of Parliament or of the legislature of a province, with each having assets or doing business in Canada;
9. The Applicants are in a dire liquidity crisis and are not able to meet their obligations as they become due. As of March 31, 2023, the Applicants have a cumulative deficit of \$527.8 million with a net working capital deficit of \$5.4 million. The net liabilities for Aleafia Parent alone are \$31.3 million as of the same date;
10. As reflected in the Applicants' draft consolidated balance sheet as of June 30, 2023, the total liabilities of \$74,432,000 exceed the total assets. Without access to funding, the Applicants have no ability to pay their obligations as they become due;
11. Absent the approval of the additional financing proposed to be made available under the DIP Loan, Aleafia Group will not be in a position to fund its next payroll (which is paid in arrears) scheduled to be paid on or around July 26, 2023 for hourly and July 27, 2023 for salaried. Furthermore, based on the cash flow forecast prepared by the Applicants, with the assistance of the Monitor, Aleafia Group has sufficient cash to sustain operations only for the week of ended July 21, 2023, but will have insufficient funds thereafter;
12. This Application is filed in a context wherein the Applicants have made various efforts since 2022 to raise additional liquidity and pursue strategic alternatives, which have failed to materialize;
13. Without the protection of the CCAA and the relief available thereunder, the Applicants will be unable to meet their obligations as they become due imminently. The Applicants' liabilities exceed \$5 million;
14. If the Applicants are insolvent without the protection of the CCAA, the Applicants would be forced to shut down operations, which would be extremely detrimental to the Applicants' various stakeholders;
15. Each of the Applicants are companies to which the CCAA applies;

Stay of Proceedings

16. The Applicants require a Stay of Proceedings for an initial period of ten days and intend to seek an extension to same at the Comeback Motion;
17. The Stay of Proceedings is necessary and in the best interests of Applicants and their stakeholders as it will allow the Applicants to have the breathing space to maintain operations, for the benefit of most of its employees and other stakeholders, disclaim certain contracts, streamline their remaining operations with a view to generating a profit, and prepare a sale and investment solicitation process for a going-concern solution to maximize value for their stakeholders, which the Applicants will seek approval of after the Comeback Hearing;
18. Without the benefit of the Stay of Proceedings and the protections of the CCAA, the Applicants do not have the available liquidity to meet its liabilities and will be forced to cease operations;

Appointment of KSV as Monitor

19. KSV has consented to act as the Court-appointed Monitor of the Applicants, subject to Court approval;
20. KSV is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA;

Administration Charge

21. The Applicants seek an Administration Charge on their Property in the maximum principal amount of \$500,000 as part of the proposed Initial Order, to secure the fees and disbursements incurred in connection with services rendered to the Applicants in favour of the Monitor, counsel to the Monitor, and the Applicants' counsel;

22. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during these CCAA proceedings in order to complete a successful restructuring;
23. Upon return to this Honourable Court for the ARIO with notice to secured parties, the Administration Charge is proposed to have first priority over all other charges;

DIP Loan and DIP Lender's Charge

24. The cash flow statement prepared by the Applicants and reviewed by the Proposed Monitor indicates that the Applicants anticipate the need for interim financing to fund these CCAA proceedings, including during the initial ten day Stay of Proceedings;
25. In connection with the commencement of these CCAA proceedings, the Applicants entered into the DIP Loan with the DIP Lender, pursuant to which the DIP Lender has agreed to provide the DIP Loan to the Applicants, the initial advance of \$2.4 million (the "**Initial Advance**") and a maximum principal amount of \$6.6 million, approval of which will be sought at the Comeback Hearing;
26. The DIP Loan is conditional upon, among other things, the obtaining of an order of this Court approving the DIP Loan and other documents to be executed and delivered thereunder, as necessary, and granting the DIP Lender's Charge over the Applicants' Property;
27. Upon return to this Honourable Court for the ARIO with notice to secured parties, the DIP Lender's Charge is proposed to rank behind the Administration Charge but ahead of the Directors' Charge;

Directors' Charge

28. The Applicants seek a Directors' Charge over the Property to indemnify the directors and officers of the Applicants in respect of liabilities they may incur as directors and officers during the CCAA proceedings, up to a maximum principal amount of \$835,000.00;

29. While the Applicants maintain directors' and officers' liability insurance, these policies may include contractual contingencies and uncertainty associated with possible coverage related issues;
30. Upon return to this Honourable Court for the ARIO with notice to secured parties, the Directors' Charge is proposed to rank subordinate to the Administration Charge and the DIP Lender's Charge;

Approving Payment to Suppliers

31. The Applicants seek authorization to make payments for certain pre-filing arrears, with the consent of the Monitor, to certain suppliers that provide the Applicants with essential services and/or products should the Monitor deem such payments to be critical to the business and operations;
32. The cooperation of suppliers is necessary for the Applicants to maintain their operations, and in certain circumstances, for the Applicants to be compliant with applicable provincial and/or municipal legislation relating to cannabis;
33. Payments to the critical suppliers will only be made with express authorization of the Proposed Monitor, and only to parties that the Proposed Monitor agrees are essential to the Applicants' business and operations;
34. KSV is supportive of the Applicants' request to have authorization to make payments for pre-filing arrears to suppliers;

Approval of Cash Management System

35. In the ordinary course of business, the Aleafia Group uses a centralized banking and cash management system (the "**Cash Management System**") to, among other things, collect funds and pay expenses associated with operations. Details on the Cash Management system are as set out in the Affidavit of Patricia Symmes-Rizakos sworn July 25, 2023 (the "**Initial Affidavit**");

36. The Applicants intend to continue using the existing Cash Management System during the CCAA proceedings and are seeking the approval of the Court to do so. Given the scale and nature of the Aleafia Group's operations, the continued use of the Cash Management System is required and appropriate during these CCAA proceedings;

STATUTORY REGIME

37. The provisions of the CCAA and the statutory, inherent and equitable jurisdiction of this Court;
38. Rules 1.04, 2.01, 2.03, 3.02, 14.05(2) and 16 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, along with any other relevant provisions therein;
39. Section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C. 43, as amended, along with any other relevant provisions therein; and
40. Such further and other grounds as counsel may advise;
41. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:
- (a) the Initial Affidavit;
 - (b) the pre-filing report of the Proposed Monitor, including, without limitation, the exhibits appended thereto; and
 - (c) such further and other material as counsel may submit and this Court may permit.

Date: July 25, 2023

AIRD & BERLIS LLP

Barristers and Solicitors
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Lawyers for the Applicants

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED
AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF ALEAFIA HEALTH INC., et al.**

Court File No:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

NOTICE OF APPLICATION
(returnable July 25, 2023)

AIRD & BERLIS LLP

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181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

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Lawyers for the Applicants

TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM)	TUESDAY, THE 25 TH
)	
JUSTICE CONWAY)	DAY OF JULY, 2023

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 ALEAFIA HEALTH INC., EMBLEM
CORP., EMBLEM CANNABIS CORPORATION, EMBLEM
REALTY LTD., GROWWISE HEALTH LIMITED., CANABO
MEDICAL CORPORATION, ALEAFIA INC., ALEAFIA
FARMS INC., ALEAFIA BRANDS INC., ALEAFIA RETAIL
INC., 2672533 ONTARIO INC., and 2676063 ONTARIO INC.

(collectively, the "**Applicants**")

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 by judicial videoconference.

ON READING the affidavit of Patricia Symmes-Rizakos sworn July 24, 2023 and the Exhibits thereto (the "**Symmes Affidavit**"), and the pre-filing report of KSV Restructuring Inc., in its capacity as proposed monitor of the Applicants (in such capacity, the "**Monitor**") dated July 24, 2023, and being advised that secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, counsel for the Proposed Monitor, counsel to Red White & Bloom Brands Inc. (the "**DIP Lender**"), the Applicants' senior secured creditor and the proposed DIP Lender, and such other

parties listed on the Counsel Slip, and on reading the consent of KSV Restructuring Inc. to act as the Monitor,

SERVICE

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

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

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

4. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Symmes Affidavit or, with the consent of the Monitor and the DIP Lender, 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 any plan of compromise or arrangement (the “**Plan**”) with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order, subject to compliance with the Cash Flow Projections (as defined in the DIP Term Sheet):

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and all other payroll and benefits processing expenses;
- (b) with the consent of the Monitor and the DIP Lender, amounts owing for goods and services actually supplied to the Applicants prior to the date of this Order by third party suppliers, up to a maximum aggregate amount of \$500,000, if such third party is critical to the Business and ongoing operations of the Applicants; and
- (c) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, and subject to the Definitive Documents (as defined below), 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 on or following the date of this Order.

7. **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, and (iii) 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;
- (c) any taxes, duties or other payments required under the Cannabis Legislation (as defined below) (collectively, "**Cannabis Taxes**"), but only where such Cannabis Taxes are accrued or collected after the date of this Order, or where such Cannabis 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
- (d) 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.

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

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

RESTRUCTURING

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

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations, and to dispose of redundant or non-material assets not exceeding \$250,000 in any one transaction or \$1,000,000 in the aggregate;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and
- (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court,

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

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

11. **THIS COURT ORDERS** that until and including August 4, 2023, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the

Applicants or the Monitor or their respective representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of 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

12. **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 representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

14. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, security services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating

the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their 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 Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

15. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

16. **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 (or similar position) 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 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.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

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

18. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$835,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph 17 of this Order. The Directors' Charge shall have the priority set out in paragraphs 35 and 37 herein.

19. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any director's and officer's insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 17 of this Order.

APPOINTMENT OF MONITOR

20. **THIS COURT ORDERS** that KSV Restructuring Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their respective shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by 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.

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

- (a) monitor the Applicants' receipts and disbursements and the Applicants' compliance with the Cash Flows (as defined in the DIP Term Sheet), including the management and deployment/use of any funds advanced by the DIP Lender to the Applicants under the DIP Term Sheet;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and its counsel on a weekly basis of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings, including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than weekly, or as otherwise agreed to by the DIP Lender;
- (e) monitor all payments, obligations and any transfers as between the Applicants;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (g) 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
- (h) perform such other duties as are required by this Order or by this Court from time to time.

22. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property, nor be deemed to take possession of the 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, as amended, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, as amended, the *Excise Act, 2001*, S.C. 2002, c. 22, as amended, the *Ontario Cannabis Licence Act*, S.O. 2018, c. 12, Sched. 2, as amended, the *Ontario Cannabis Control Act*, S.O. 2017, c. 26, Sched. 1, as amended, the *Ontario Cannabis Retail Corporation Act*, 2017, S.O. 2017, c. 26, as amended, the *British Columbia Cannabis Control and Licensing Act*, S.B.C. 2018, c. 29, as amended, the *British Columbia Cannabis Distribution Act*, S.B.C. 2018, c. 28, as amended, the *Alberta Gaming, Liquor and Cannabis Act*, R.S.A. 2000, c. G-1, as amended, the *Alberta Gaming, Liquor and*

Cannabis Regulation, Alta. Reg. 143/996, as amended, *The Cannabis Control (Saskatchewan) Act*, S.S. 2018, c. C-2.111, as amended, *The Cannabis Control (Saskatchewan) Regulations*, RRS, c. C-2.111 Reg 1, as amended, the Manitoba *The Liquor, Gaming and Cannabis Control Act*, C.C.S.M. c. L153, as amended, the Manitoba *Cannabis Regulation*, M.R. 120/2018, as amended, the Newfoundland and Labrador *Cannabis Control Act*, S.N. 2018, c. C-4.1, as amended, the Newfoundland and Labrador *Cannabis Control Regulations*, Nfld. Reg. 93/18, as amended, the Newfoundland and Labrador *Cannabis Licensing and Operations Regulations*, Nfld. Reg. 94/18, as amended, or other such applicable federal, provincial or other legislation or regulations (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.

23. **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.

24. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants, including, without limitation, 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.

25. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its respective employees and representatives acting in such capacities shall incur any liability or obligation as a result of the appointment of the Monitor or the carrying out by it of the provisions of this Order, including under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

26. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings, whether incurred prior to, on, or subsequent to the date of this Order. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a bi-weekly basis or on such other terms as the parties may agree, and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor and counsel to the Applicants, retainers in the approximate amount of \$75,000 to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

27. **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.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$500,000 as security for their professional fees and disbursements incurred at the 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 35 and 37 hereof.

DIP FINANCING

29. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under an interim credit facility from the DIP Lender in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$6,600,000 unless permitted by further Order of this Court.

30. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between the Applicants and the DIP Lender dated as of July 24, 2023, as appended as Exhibit "TTT" to the Symmes Affidavit (as may be amended from time to time, the "**DIP Term Sheet**"), filed.

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

32. **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 as security for the DIP Obligations, which DIP Lender's Charge shall be in the aggregate amount of the DIP Obligations outstanding at any given time under the Definitive Documents. The 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 35 and 37 hereof.

33. **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 at least four (4) business days' written 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 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 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.

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

35. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000);

Second – DIP Lender’s Charge (to the maximum amount of the DIP Obligations at the relevant time); and

Third – Directors’ Charge (to the maximum amount of \$835,000).

36. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be effective as against the Property and 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.

37. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) 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; other than any Person with a properly perfected purchase money security interest under the *Personal Property Security Act* (Ontario) or such other applicable legislation that has not been served with notice of this Order.

38. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Charges, or further Order of this Court.

39. **THIS COURT ORDERS** that the Charges and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") 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 Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which they 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 of the Definitive Documents, 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 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.

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

SERVICE AND NOTICE

41. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in *The Globe and Mail* National Edition a notice containing the information prescribed under the CCAA, and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against any of the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder; provided that the Monitor shall not be required to make the claims, names and addresses of individuals who are creditors publicly available unless otherwise ordered by this Court.

42. **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/aleafia> (the “**Website**”).

43. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2175 (SOR/DORS).

44. **THIS COURT ORDERS** that the Monitor shall maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the “**Service List**”). The Monitor shall post the Service List, as may be updated from time to time, on the case Website as part of the public materials in relation to this proceeding. Notwithstanding the foregoing, the Monitor nor its counsel shall have any liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

GENERAL

45. **THIS COURT ORDERS** that any interested party that wishes to amend or vary this Order shall be entitled to appear or bring a motion before this Court on August 4, 2023, at 12:30PM (Toronto Time) or such other date as may be set by this Court upon the granting of this Order (the “**Comeback Date**”), provided, however, that the Chargees shall be entitled to rely on this Order as issued and entered and on the Charges and priorities set forth in paragraphs 35 and 37 hereof

with respect to any fees, expenses and disbursements incurred, or advances made under the DIP loan, as applicable, until the date this Order may be amended, varied or stayed.

46. **THIS COURT ORDERS** that, notwithstanding paragraph 45 of this Order, each of the Applicants, the DIP Lender 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 their respective powers and duties under this Order or in the interpretation of this Order hereunder.

47. **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.

48. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Germany or in Australia, 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.

49. **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.

50. **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.

51. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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 ALEAFIA HEALTH INC. et al.

Applicants

Court File No.

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

Proceedings commenced at Toronto

**INITIAL ORDER
(returnable July 25, 2023)**

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Lawyers for the Applicants

TAB 3

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MADAM) ~~WEEKDAY~~ TUESDAY, THE #25TH
JUSTICE CONWAY) DAY OF ~~MONTH, 20YR~~ JULY, 2023

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}~~ ALEAFIA HEALTH INC., EMBLEM CORP., EMBLEM CANNABIS CORPORATION, EMBLEM REALTY LTD., GROWWISE HEALTH LIMITED., CANABO MEDICAL CORPORATION, ALEAFIA INC., ALEAFIA FARMS INC., ALEAFIA BRANDS INC., ALEAFIA RETAIL INC., 2672533 ONTARIO INC., and 2676063 ONTARIO INC.

(collectively, the "~~Applicant~~ Applicants")

INITIAL ORDER

THIS APPLICATION, made by the ~~Applicant~~ 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~~ by judicial videoconference.

ON READING the affidavit of ~~[NAME]~~ Patricia Symmes-Rizakos sworn ~~[DATE]~~ July 24, 2023 and the Exhibits thereto (the "Symmes Affidavit"), and ~~on~~ the pre-filing report of KSV Restructuring Inc., in its capacity as proposed monitor of the Applicants (in such capacity, the "Monitor") dated July 24, 2023, and being advised that ~~the~~ secured creditors 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

[†] ~~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)~~

~~affidavit of service of [NAME] sworn [DATE]~~ the Applicants, counsel for the Proposed Monitor, counsel to Red White & Bloom Brands Inc. (the “DIP Lender”), the Applicants’ senior secured creditor and the proposed DIP Lender, and such other parties listed on the Counsel Slip, and on reading the consent of ~~[MONITOR’S NAME]~~ KSV Restructuring Inc. to act as the Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing 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 each of the ~~Applicant~~ Applicants is a company to which the CCAA applies.

~~PLAN OF ARRANGEMENT~~

~~3. — THIS COURT ORDERS that the 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 ~~Applicant~~ 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

~~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).~~

~~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.~~

carry on business in a manner consistent with the preservation of ~~its~~their business (the "Business") and Property. The ~~Applicant is~~Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by ~~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.

4. ~~5.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall be entitled to continue to utilize the central cash management system³ currently in place as described in the Symmes Affidavit of [NAME] sworn [DATE] ~~or~~or, with the consent of the Monitor and the DIP Lender, 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 ~~Applicant~~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 ~~Applicant~~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 any plan of compromise or arrangement (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. ~~6.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order, subject to compliance with the Cash Flow Projections (as defined in the DIP Term Sheet):

- (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 business and consistent with existing compensation policies and arrangements, and all other payroll and benefits processing expenses;

(b) with the consent of the Monitor and the DIP Lender, amounts owing for goods and services actually supplied to the Applicants prior to the date of this Order by third party suppliers, up to a maximum aggregate amount of \$500,000, if such third party is critical to the Business and ongoing operations of the Applicants; and

(c) ~~(b)~~ the fees and disbursements of any Assistants retained or employed by the ~~Applicant~~Applicants in respect of these proceedings, at their standard rates and charges.

6. ~~7.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, and subject to the ~~Applicant~~Definitive Documents (as defined below), the Applicants shall be entitled, but not required to pay all reasonable expenses incurred by the ~~Applicant~~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 ~~Applicant~~Applicants on or following the date of this Order.

7. ~~8.~~ **THIS COURT ORDERS** that the ~~Applicant~~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, and (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 ~~Applicant~~Applicants in connection with the sale of goods and services by the ~~Applicant~~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;
- (c) any taxes, duties or other payments required under the Cannabis Legislation (as defined below) (collectively, "Cannabis Taxes"), but only where such Cannabis Taxes are accrued or collected after the date of this Order, or where such Cannabis 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
- (d) ~~(e)~~ 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 ~~Applicant~~Applicants.

8. ~~9.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed ~~for resiliated~~⁴ in accordance with the CCAA, the ~~Applicant~~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 applicable Applicant 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 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.

⁴~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

9. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, the ~~Applicant~~ 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~~ Applicants to any of ~~its~~ their creditors as of this date; (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.

RESTRUCTURING

10. ~~11.~~ **THIS COURT ORDERS** that each of the ~~Applicant~~ 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)~~, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of ~~its~~ their business or operations, ~~and to dispose of redundant or non-material assets not exceeding \$~~250,000 ~~in any one transaction or \$~~1,000,000 ~~in the aggregate~~⁵;
- (b) ~~terminate the employment of such of~~ its their employees or temporarily lay off such of ~~its~~ their employees as ~~it deems~~ they deem 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 of the foregoing to permit the ~~Applicant~~ Applicants to proceed with an orderly restructuring of the Business ~~(the "Restructuring")~~.

~~12.— THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's 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~~

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.~~

landlord disputes the Applicant's 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 Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims ~~[or 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 ~~[or resiliation]~~ of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. ~~THIS COURT ORDERS that if a notice of disclaimer [or resiliation] is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer [or resiliation], the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer [or 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 Applicant 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 ~~APPLICANT~~APPLICANTS OR THE PROPERTY

11. ~~14.~~ **THIS COURT ORDERS** that until and including ~~[DATE — MAX. 30 DAYS]~~August 4, 2023, 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 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 the ~~Applicant~~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

12. ~~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 ~~Applicant~~Applicants or the Monitor, or their respective representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the ~~Applicant~~Applicants to carry on any business which the ~~Applicant is~~Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

14. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the ~~Applicant~~Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, security services, payroll services, insurance, transportation services, utility or other services to the Business or the ~~Applicant~~Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the ~~Applicant~~Applicants, and that the ~~Applicant~~Applicants shall be entitled to the continued use of ~~its~~their 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 ~~Applicant~~Applicants in accordance with normal payment practices of the ~~Applicant~~Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the ~~Applicant~~Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

15. ~~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 lease 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 ~~Applicant~~Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.⁶

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

16. ~~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 (or similar position) of any of the ~~Applicant~~Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the ~~Applicant~~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 Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.~~

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

17. ~~20.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall indemnify ~~its~~their directors and officers against obligations and liabilities that they may incur as ~~directors~~a director

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).~~

or ~~officers~~officer of the ~~Applicant~~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~~such director's or officer's gross negligence or wilful misconduct.

18. ~~21.~~ **THIS COURT ORDERS** that the directors and officers of the ~~Applicant~~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 \$~~●~~835,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph ~~{20}~~17 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~{38}~~35 and ~~{40}~~37 herein.

19. ~~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 ~~Applicant's~~Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any ~~directors'~~director's and ~~officers'~~officer's insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~{20}~~17 of this Order.

APPOINTMENT OF MONITOR

20. ~~23.~~ **THIS COURT ORDERS** that ~~{MONITOR'S NAME}~~KSV Restructuring Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the ~~Applicant~~Applicants with the powers and obligations set out in the CCAA or set forth herein and that the ~~Applicant~~Applicants and ~~its~~their respective shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps

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.~~

taken by the ~~Applicant~~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.

21. ~~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 ~~Applicant's~~Applicants' receipts and disbursements and the Applicants' compliance with the Cash Flows (as defined in the DIP Term Sheet), including the management and deployment/use of any funds advanced by the DIP Lender to the Applicants under the DIP Term Sheet;
- (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 ~~Applicant~~Applicants, to the extent required by the ~~Applicant~~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 ~~Applicant~~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 ~~Applicant~~Applicants in ~~its~~their preparation of the ~~Applicant~~Applicants's 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 on a periodic basis, but not less than ~~{TIME INTERVAL}~~weekly, or as otherwise agreed to by the DIP Lender;
- (e) ~~advise the Applicant in its development of the Plan and any amendments to the Plan;~~monitor all payments, obligations and any transfers as between the Applicants;
- (f) ~~assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~

- (f) ~~(e)~~ 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 ~~Applicant~~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;
- (g) ~~(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
- (h) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

22. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property, nor be deemed to take possession of the 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, as amended, the Controlled Drugs and Substances Act, S.C. 1996, c. 19, as amended, the Excise Act, 2001, S.C. 2002, c. 22, as amended, the Ontario Cannabis Licence Act, S.O. 2018, c. 12, Sched. 2, as amended, the Ontario Cannabis Control Act, S.O. 2017, c. 26, Sched. 1, as amended, the Ontario Cannabis Retail Corporation Act, 2017, S.O. 2017, c. 26, as amended, the British Columbia Cannabis Control and Licensing Act, S.B.C. 2018, c. 29, as amended, the British Columbia Cannabis Distribution Act, S.B.C. 2018, c. 28, as amended, the Alberta Gaming, Liquor and Cannabis Act, R.S.A. 2000, c. G-1, as amended, the Alberta Gaming, Liquor and Cannabis Regulation, Alta. Reg. 143/996, as amended, The Cannabis Control (Saskatchewan) Act, S.S. 2018, c. C-2.111, as amended, The Cannabis Control (Saskatchewan) Regulations, RRS, c. C-2.111 Reg 1, as amended, the Manitoba The Liquor, Gaming and Cannabis Control Act, C.C.S.M. c. L153, as amended, the Manitoba Cannabis Regulation, M.R. 120/2018, as amended, the Newfoundland and Labrador Cannabis Control Act, S.N. 2018, c. C-4.1, as amended, the Newfoundland and Labrador Cannabis Control Regulations, Nfld. Reg. 93/18, as amended, the Newfoundland and Labrador Cannabis Licensing and Operations Regulations, Nfld. Reg. 94/18, as amended, or other such applicable federal, provincial or other legislation or regulations (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.

23. ~~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.

24. ~~27.~~ **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the ~~Applicant and~~ Applicants, including, without limitation, the DIP Lender, with information provided by the ~~Applicant~~ 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 ~~Applicant~~ 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 ~~Applicant~~ Applicants may agree.

25. ~~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 nor its respective employees and representatives acting in such capacities shall incur ~~no~~any liability or obligation as a result of ~~its~~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 misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

26. ~~29.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the ~~Applicant~~Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the ~~Applicant~~Applicants as part of the costs of these proceedings, whether incurred prior to, on, or subsequent to the date of this Order. The ~~Applicant is~~Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the ~~Applicant~~Applicants on a ~~{TIME INTERVAL}~~bi-weekly basis or on such other terms as the parties may agree, and, in addition, the ~~Applicant is~~Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the ~~Applicant~~Applicants, retainers in the approximate amount~~[s]~~ of \$~~●~~75,000 ~~respectively,~~ to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

27. ~~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.

28. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any,~~ and the ~~Applicant~~Applicants's 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 as security for their professional fees and disbursements incurred at the 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}~~35 and ~~{40}~~37 hereof.

DIP FINANCING

29. ~~32.~~ **THIS COURT ORDERS** that the ~~Applicant is~~ Applicants are hereby authorized and empowered to obtain and borrow under an interim credit facility from ~~[DIP LENDER'S NAME]~~ (the "DIP Lender") in order to finance the ~~Applicant's~~ Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$●6,600,000 unless permitted by further Order of this Court.

30. ~~33.~~ **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the ~~commitment letter~~ DIP Term Sheet between the ~~Applicant~~ Applicants and the DIP Lender dated as of ~~[DATE]~~ (the "~~Commitment Letter~~" July 24, 2023, as appended as Exhibit "TTT" to the Symmes Affidavit (as may be amended from time to time, the "DIP Term Sheet")), filed.

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

32. ~~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 as security for the DIP Obligations, which DIP Lender's Charge shall be in the aggregate amount of the DIP Obligations outstanding at any given time under the Definitive Documents. The 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}~~ 35 and ~~{40}~~ 37 hereof.

33. ~~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 ~~at least four (4) business days' written~~ notice to the ~~Applicant~~Applicants and the Monitor, may exercise any and all of its rights and remedies against the ~~Applicant~~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 ~~Applicant~~Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the ~~Applicant~~Applicants against the obligations of the ~~Applicant~~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 ~~Applicant~~Applicants and for the appointment of a trustee in bankruptcy of the ~~Applicant~~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 ~~Applicant~~Applicants or the Property.

34. ~~37. THIS COURT ORDERS AND DECLARES~~ that the DIP Lender shall be treated as unaffected in any ~~plan of arrangement or compromise~~Plan filed by the ~~Applicant~~Applicants under the CCAA, or any proposal filed by any of the ~~Applicant~~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

35. ~~38. THIS COURT ORDERS~~ that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (collectively, the "Charges"), 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,~~

First – Administration Charge (to the maximum amount of \$●500,000);

Second – DIP Lender’s Charge (to the maximum amount of the DIP Obligations at the relevant time); and

Third – Directors’ Charge (to the maximum amount of \$●835,000).

36. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors’ Charge, the Administration Charge or the DIP Lender’s Charge (collectively, the "Charges")~~ shall not be required, and that the Charges shall be effective as against the Property and 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.

37. ~~40.~~ **THIS COURT ORDERS** that each of the ~~Directors’ Charge, the Administration Charge and the DIP Lender’s Charge~~ Charges (all as constituted and defined herein) 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; other than any Person with a properly perfected purchase money security interest under the Personal Property Security Act (Ontario) or such other applicable legislation that has not been served with notice of this Order.

38. ~~41.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the ~~Applicant~~ 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 ~~Applicant~~ Applicants also ~~obtains~~ obtain 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.

~~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.~~

39. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, Charges 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 ~~Applicant~~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 ~~Applicant~~Applicants of any Agreement to which ~~it is~~they 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 ~~Applicant~~Applicants entering into of the ~~Commitment Letter~~Definitive Documents, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the ~~Applicant~~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.

40. ~~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 applicable Applicant's interest in such real property leases.

SERVICE AND NOTICE

41. ~~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, and (ii) within five (5) 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 ApplicantApplicants 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; provided that the Monitor shall not be required to make the claims, names and addresses of individuals who are creditors publicly available unless otherwise ordered by this Court.

42. ~~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/aleafia> (the “**Website**”).

43. ~~46.~~ **THIS COURT ORDERS** that ~~if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant~~the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by ~~prepaid ordinary mail, courier, personal delivery or facsimile transmission~~electronic message to the ~~Applicant~~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,~~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. 81000-2175 (SOR/DORS).

44. **THIS COURT ORDERS** that the Monitor shall maintain and update as necessary a list of all Persons appearing in person or ~~if sent~~ by ~~ordinary mail, on the third business day after mailing~~counsel in this proceeding (the “**Service List**”). The Monitor shall post the Service List, as may be updated from time to time, on the case Website as part of the public materials in relation to this proceeding. Notwithstanding the foregoing, the Monitor nor its counsel shall have any liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

GENERAL

45. **THIS COURT ORDERS** that any interested party that wishes to amend or vary this Order shall be entitled to appear or bring a motion before this Court on August 4, 2023, at 12:30PM (Toronto Time) or such other date as may be set by this Court upon the granting of this Order (the “**Comeback Date**”), provided, however, that the Chargees shall be entitled to rely on this Order as issued and entered and on the Charges and priorities set forth in paragraphs 35 and 37 hereof with respect to any fees, expenses and disbursements incurred, or advances made under the DIP loan, as applicable, until the date this Order may be amended, varied or stayed.

46. ~~47.~~**THIS COURT ORDERS** that ~~the Applicant,~~ notwithstanding paragraph 45 of this Order, each of the Applicants, the DIP Lender 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~~their respective powers and duties under this Order or in the interpretation of this Order hereunder.

47. ~~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 ~~Applicant~~Applicants, the Business or the Property.

48. ~~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, Germany or in Australia, to give effect to this Order and to assist the ~~Applicant~~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 ~~Applicant~~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 ~~Applicant~~Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

49. ~~50.~~ **THIS COURT ORDERS** that each of the ~~Applicant~~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.

50. ~~51.~~ **THIS COURT ORDERS** that any interested party (including the ~~Applicant~~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.

51. ~~52.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

51447599.1

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED AND IN THE MATTER OF THE A PLAN OF COMPROMISE OR ARRANGEMENT OF ORIGINAL TRADERS ENERGY LTD., ORIGINAL TRADERS ENERGY LP, 2496750-ONTARIO ALEAFIA HEALTH INC. AND OTE LOGISTICS LP et al.

Applicants

Court File No. 

ONTARIO

SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) Proceedings commenced at Toronto

INITIAL ORDER
(returnable July 25, 2023)

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~~Barristers and Solicitors~~

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**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 THE COMPROMISE OR ARRANGEMENT OF **ALEAFIA HEALTH INC., EMBLEM CORP., EMBLEM CANNABIS CORPORATION, EMBLEM REALTY LTD., GROWWISE HEALTH LIMITED., CANABO MEDICAL CORPORATION, ALEAFIA INC., ALEAFIA FARMS INC., ALEAFIA BRANDS INC., ALEAFIA RETAIL INC., 2672533 ONTARIO INC., AND 2676063 ONTARIO INC.**

Applicants

**AFFIDAVIT OF PATRICIA SYMMES-RIZAKOS
(Sworn July 24, 2023)**

I, **Patricia Symmes-Rizakos**, of the City of Toronto, in the province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

I. INTRODUCTION AND OVERVIEW

1. I am the Chief Executive Officer of Aleafia Health Inc. ("**Aleafia Parent**" and together with its Subsidiaries (as defined below), the "**Applicants**" or "**Aleafia Group**").

2. Emblem Corp. ("**Emblem**"), Emblem Cannabis Corporation ("**Emblem Cannabis**"), Emblem Realty Ltd. ("**Emblem Realty**"), Growwise Health Limited ("**Growwise**"), Canabo Medical Corporation ("**Canabo**"), Aleafia Inc. ("**Aleafia Sub**"), Aleafia Farms Inc. ("**Aleafia Farms**"), Aleafia Brands Inc. ("**Aleafia Brands**"), Aleafia Retail Inc. ("**Aleafia Retail**"), 2672533 Ontario Inc. ("**2672**") and 2676063 Ontario Inc. ("**2676**") are various subsidiaries of Aleafia Parent (individually, a "**Subsidiary**" and together, the "**Subsidiaries**"). Aleafia Group through Aleafia Retail also has a minority interest in a certain other non-Applicant affiliate.¹

3. I have been the Chief Executive Officer of Aleafia Parent since February 2022, as described in more detail below. As such, I have personal knowledge of the matters to which I depose in this Affidavit except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.

¹ As described further herein, this entity is One Plant (Retail) Corp. ("**One Plant**").

4. This affidavit is in support of an urgent application by the Applicants, on short notice to only the Applicants' senior secured creditors, being RWB, 126 and Computershare as trustee on behalf of the Debentureholders, for an Order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), *inter alia*:

- (a) abridging the time for service of the Application and the materials filed in support thereof, and dispensing with further service thereof;
- (b) declaring that the Applicants are parties to which the CCAA applies;
- (c) appointing KSV Restructuring Inc. ("**KSV**" or the "**Proposed Monitor**") as an officer of the Court to monitor the assets, business, and affairs of the Applicants (once appointed in such capacity, the "**Monitor**");
- (d) approving the Applicants' ability to borrow under a debtor-in-possession ("**DIP**") credit facility (the "**DIP Loan**") to finance their working capital requirements and other general corporate purposes, expenses and costs over the CCAA proceedings;
- (e) staying, for an initial period of not more than ten (10) days, all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor, their directors and officers, or affecting the Applicants' business or the Property (as defined in the Initial Order), except as otherwise set forth in the Initial Order or as otherwise permitted by law (the "**Stay of Proceedings**");
- (f) granting the following limited priority charges (collectively, the "**Charges**") against the Applicants' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the "**Property**"):
 - (i) the Administration Charge (as defined below) in favour of the Monitor, counsel to the Monitor, and counsel to the Applicants;
 - (ii) the DIP Lenders' Charge in favour of the DIP Lender (each as defined below);
 - (iii) the Directors' Charge (as defined in the Initial Order) in favour of the Directors and Officers;

- (g) approving payment to certain suppliers who are critical to the business and operations of the Aleafia Group for pre-filing expenses or to honour cheques issued to providers of goods and services prior to the Initial Order, with consent of the Monitor and in accordance with the terms of the DIP Term Sheet and the Cash Flow Forecast (each as defined below) which are necessary to facilitate the Applicants' ongoing operations and to preserve value during the CCAA proceedings, up to a maximum aggregate amount of \$500,000; and
- (h) authorizing the Aleafia Group to continue to use the Cash Management System (term as defined herein).

5. If the Initial Order is granted, the Applicants intend to return to Court within ten (10) days (the "**Comeback Hearing**") to seek an amended and restated Initial Order (the "**ARIO**") in order to, *inter alia*:

- (a) extend the Stay of Proceedings;
- (b) increase the quantum of and priming each of the Charges;
- (c) seek relief from certain securities reporting obligations;
- (d) relieve Aleafia Parent of any obligation to call and hold its annual general meeting of shareholders (the "**AGM**") until further Order of this Court; and
- (e) seek such other relief as may be required to advance the Applicants' restructuring efforts.

6. The Applicants also intend to, post-issuance of the ARIO, return to the Court for an order, *inter alia*, approving a sale and investment solicitation process (the "**SISP**" or the "**Sales Process**") and related bidding procedures (as later explained herein) (the "**SISP Order**").

7. All references to currency in this affidavit are in Canadian dollars unless noted otherwise. Capitalized terms used within this Affidavit are as defined later herein.

II. THE URGENT NEED FOR RELIEF

8. The Applicants are in a dire liquidity crisis and are not able to meet their obligations as they become due. As of March 31, 2023, the Applicants have a cumulative deficit of \$527.8 million with a net working capital deficit of \$5.4 million. The net liabilities for Aleafia Parent alone are \$31.3 million as of

the same date. In light of the Applicants' financial circumstances, Aleafia Parent is no longer able to satisfy the conditions precedent to obtaining further advances under its Senior Loan Agreement (as defined below).

9. Absent the approval of the additional financing proposed to be made available under the DIP Loan, Aleafia Parent will not be in a position to fund its next payroll (which is paid in arrears) scheduled to be paid on or around July 26, 2023 for hourly and July 27, 2023 for salaried. Furthermore, based on the Cash Flow Forecast (as defined below), Aleafia Group has sufficient cash to sustain operations for the week of July 24, 2023, but will have insufficient funds thereafter. There is thus significant urgency to this CCAA application and the relief sought pursuant to the Initial Order.

10. The Aleafia Group is a federally licensed Canadian cannabis company providing cannabis products to five of Canada's largest provinces (Ontario, Alberta, British Columbia, Saskatchewan and Manitoba)² and destined for select international medical cannabis markets. The Aleafia Group also operates a virtual cannabis clinic named "Canabo Medical Clinic", staffed by various physicians and nurse practitioners, which also provide health and wellness services across Canada; medical cannabis is largely produced through Aleafia Group's Subsidiary Emblem Cannabis. A separate physical clinic also operates in St. John's, Newfoundland.

11. The Aleafia Group produces and/or sells a diverse portfolio of cannabis and cannabis derivative products including pre-roll, milled, dried flower, vapes, oils, capsules, edibles, sublingual stripes and topicals for sale in Canada and various international jurisdictions. The Aleafia Group sells its products primarily through three core sales channels: adult-use, medical, and international. To produce these products, the Aleafia Group historically operated from three licensed cannabis production facilities in the province of Ontario, one of which is Canada's largest outdoor cannabis cultivation facility (the Scugog Property, as defined herein).³ A fourth distribution centre located in Ontario, which is licensed as a processor by Health Canada (as further detailed herein), enables same day delivery service and direct-to-retailer cannabis distribution services. As mentioned above, the Aleafia Group also operates, through one of its Subsidiaries, a physical medical clinic located in St. John's, Newfoundland. Certain of these locations are also subject to exit plans, as described later in this Affidavit.

² As described further herein, the Aleafia Group holds provincial cannabis supply agreements with Ontario, British Columbia and Alberta. The Aleafia Group operates in Saskatchewan by providing cannabis product directly to a third-party wholesaler located within that province. The Aleafia Group operates in Manitoba as a registered supplier to Manitoba's cannabis regulatory agency.

12. As of the date of this affidavit, the Grimsby Property is not operational, although its license remains active. As more particularly described below, the Aleafia Group has been marketing this property for sale for over eight months, although no sale has yet materialized.

13. Aleafia Parent is a reporting issuer in each of the provinces and territories of Canada and common shares in its capital are listed on the Toronto Stock Exchange (the “**TSX**”) in Canada under the trading symbol “AH”, and on the OTC Markets Group (the “**OTCQB**”)⁴ in the United States under the trading symbol “ALEAF”. The common shares of Aleafia Parent were also previously listed on the Frankfurt Stock Exchange under the ticker symbol “ARAH”, although this listing is now inactive.

14. As described further below, the key factors that have shaped the financial stresses felt by the Aleafia Group are as follows, including:

- (a) **Senior Loan Agreement Enforcement:** The Aleafia Group’s senior secured credit facility advanced pursuant to the Senior Loan Agreement came due after being granted a series of extensions and other accommodations that had been provided on an interim basis by RWB. However, RWB had indicated to Aleafia Group management that they were no longer prepared to extend any further accommodations under the current circumstances. As a result, as of the date of this Affidavit, RWB has issued Demands and NITES (terms as defined below);
- (b) **Failed Proposed Transaction:** The Aleafia Group has exhausted all options available to sell assets, re-finance or raise equity. Following a process to identify strategic alternatives, Aleafia Group entered into a Letter of Agreement (as defined herein) for a business combination with RWB (as later defined as the “**Proposed Transaction**”), which required a settlement of the Aleafia Group’s obligations to Debentureholders. Despite having been approved by Aleafia Parent’s Board and obtaining a support agreement from a Debentureholder holding 28% of the Debentures (as defined in the Debenture Agreements), the Ad Hoc Group, who purports to represent in excess of 33% of the Debentureholders (an amount that ensures that a settlement as contemplated in the Letter Agreement would not pass a vote), notified the Aleafia Group of its intent to vote

³ In November of 2022, a winddown of the Grimsby Property (as defined herein) was initiated and is now closed. The Grimsby Property historically produced usable flower for the dried flower category in the “Divvy” brand offered by the Aleafia Group.

⁴ The OTCQB is a mid-tier over-the-counter market for early-stage and developing U.S. and international companies.

down the Proposed Transaction. As stated by the Ad Hoc Group, the Ad Hoc Group was unwilling to support the Proposed Transaction in its current form due to, among other things, differing payout potentials over other subordinated stakeholders;

- (c) **Cash Flow Crisis:** There is currently no availability under the RWB Loan. Without alternate restructuring, debt/equity financing or amalgamation options, the Aleafia Group faces immediate liquidity deficiencies after the week of July 24, 2023; and
- (d) **Industry Problems:** In addition, there are further sector-specific challenging factors which impact the cannabis industry. The cannabis industry is highly regulated, has significant taxation burdens, and is experiencing rapid change amid a heavily saturated market. A complex and administrative-heavy regulatory and licensing regime, alongside competition from the illicit market, has caused significant uncertainty in the industry space. Significantly, impacts from these effects have created challenging conditions in the cannabis industry, and further negatively affected the ability of cannabis companies to obtain investment or financing for operations and capital expenditures. Certain major other cannabis companies within the sector have recently filed for creditor protection in 2023.⁵ An increased taxation burden from excise taxes, as well as the need for funding in advance of receivables, has additionally detrimentally impacted growth potential within the sector.

15. In light of the above, the Applicants are seeking protection under the CCAA to, among other things, obtain additional financing in order to continue operations and to implement the SISP that would see the Applicants restructured and/or all or a portion of the Applicants' business and assets sold as a going concern.

16. Subject to certain conditions, including court approval, RWB (in such capacity, the "**DIP Lender**") has agreed to fund these CCAA proceedings through the DIP Loan. The DIP Loan will provide the Applicants with immediate access to funding needed to continue to operate and preserve the value of their operations while the ultimate SISP is conducted, assuming the Initial Order is granted. As noted above, the relief in respect of the SISP is intended to be sought after the Comeback Hearing.

⁵ As an example, in June of 2023, Fire & Flower Holdings Corp., Fire & Flower Inc., 13318184 Canada Inc., 11180703 Canada Inc., 10926671 Canada Ltd., Friendly Stranger Holdings Corp., Pineapple Express Delivery Inc., and Hifyre Inc. (collectively, "**Fire & Flower**") obtained creditor protection under the CCAA. The Aleafia Group had certain business relationships with Fire & Flower as a supplier.

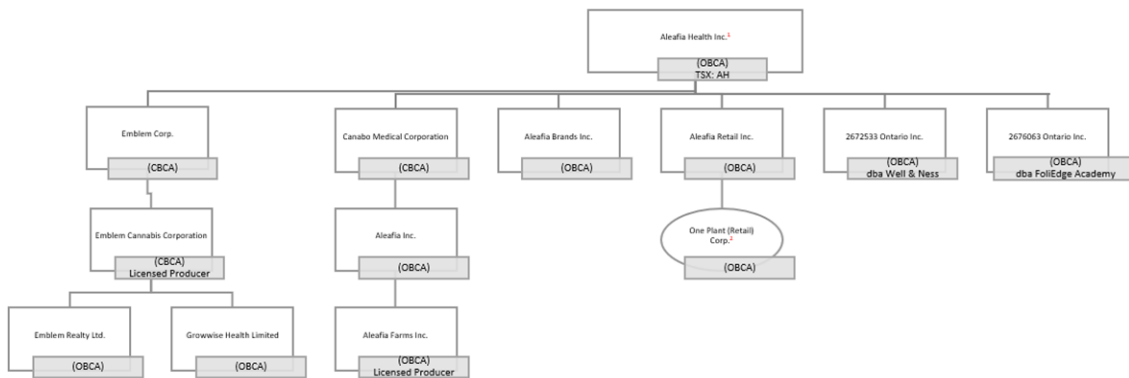
17. The CCAA filing and the eventual SISP are intended to benefit all of the Applicants’ stakeholders in Canada and abroad, including employees, customers, suppliers and contracting parties, Health Canada, and the relevant provincial cannabis regulators, among others.

18. In addition, it is my expectation that RWB, the Applicant’s senior secured lender, and 126 (terms as defined herein), the Applicant’s second senior secured lender, are supportive of the filing and will be provided notice of this application as well as the scope of the relief contemplated therein. It is also my understanding that formal notice of an Event of Default (term as defined in the Debenture Agreements) will be provided to the Trustee immediately concurrent with service of these CCAA application materials on all of the Aleafia Group’s senior secured creditors, being RWB, 126 and the Ad Hoc Group, which will occur prior to the scheduled hearing on July 25, 2023. As noted above, prior to the execution of this Affidavit, RWB has also delivered Demands and NITES.

19. For these reasons and the reasons set out herein, I do verily believe that the Applicants are insolvent and are companies to which the CCAA applies.

III. OVERVIEW

20. A copy of the Aleafia Group’s current corporate chart is attached hereto and marked as **Exhibit “A”** and is reproduced for ease of reference:



Notes:

1. All subsidiaries are 100% controlled by the parent entity unless otherwise stated.
2. Aleafia Retail Inc. less than 10% of One Plant (Retail) Corp.

21. As indicated above, Aleafia Parent is a publicly traded company and its common shares are listed on the TSX and the OTCQB. Aleafia Parent also currently maintains three classes of convertible

debentures listed on the TSX under “**AH.DB.A**”, “**AH.DB.B**”, and “**AH.DB.C**”. A chart detailing all currently outstanding securities of Aleafia Parent is also attached hereto and marked as **Exhibit “B”**.

22. Aleafia Parent’s fiscal year end is March 31st. Aleafia Parent’s most recent audited consolidated financial statements, along with Aleafia Parent’s most recent annual information form dated June 29, 2023 for the year end of March 31, 2023 (the “**AIF**”), published to the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) are attached hereto and marked as **Exhibit “C”**. In addition, a true copy of Aleafia Parent’s management discussion and analysis for the three and twelve months ended March 31, 2023 dated June 13, 2023 (the “**MD&A**”), also published to the SEDAR is attached hereto and marked as **Exhibit “D”**.

23. As indicated at page 35 of Exhibit “D”, as of June 13, 2023, the total number of common shares issued and outstanding was 403,265,146.

24. The Aleafia Group has incurred net losses for the past three fiscal years. As indicated in the MD&A, Aleafia Parent has incurred approximate net losses of \$34,604,000 for the twelve months ended on March 31, 2023, \$150,764,000 for the twelve months ended on March 31, 2022 and \$257,022,000 for the twelve months ended on March 31, 2021 (chart excerpted below from Exhibit “D”):

SELECTED QUARTER & ANNUAL INFORMATION

The following information has been prepared in accordance with IFRS in Canadian dollars.

(\$,000s) except per share amounts	Three months ended		Twelve months ended		
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-21
Net revenue	9,394	7,039	42,847	36,496	29,189
Cost of sales	5,437	6,106	28,651	32,566	15,669
Total operating expenses	5,782	8,437	24,654	42,514	43,493
Total other expenses	4,289	4,009	15,952	105,502	206,931
Net loss and comprehensive loss	(12,050)	(4,152)	(34,604)	(150,764)	(257,022)
Loss per share, basic and diluted	\$(0.03)	\$(0.01)	\$(0.09)	\$(0.46)	\$(0.83)
Total assets	59,925	81,518	59,925	81,518	72,051
Total non-current liabilities	33,197	6,908	33,197	6,908	38,382

25. Aleafia Group also has significant trade liabilities and a number of creditors have demanded payment, suspended service, sued or threatened to sue. The approximate aggregate accounts payable for accounts over 90 days are \$4,187,809.66, as of the date hereof. As seen at Exhibit “AAA”, contingent liabilities are detailed further herein and include certain multi-million dollar class action litigation file, which the Aleafia Group intends to defend.

26. As has been described above, the cannabis industry is highly regulated, and success for businesses depends in part on timing of and changes to legislation, granting of licenses and access to distribution and sales channels. In addition, the ability to raise capital or obtain financing is key, as the cannabis industry is capital intensive. However, access to capital in both equity and debt markets are significantly constrained in the Canadian cannabis space. Recently, limited equity transactions in the past year have negatively impacted the market broadly. As further seen in disclosures within this Affidavit, the debt already raised by the Aleafia Group further limits capital raise options.

27. The Aleafia Group has also been negatively impacted by a variety of factors, including industry-specific concerns and cash flow problems, among others. In light of these issues, the Aleafia Group have undertaken a number of restructuring initiatives to improve financial performance, operations and liquidity; yet as described further below, none of these initiatives have materialized.

28. Accordingly, the Applicants continue to face pressing financial challenges. As part of the continuing restructuring initiatives, the board of Aleafia Parent has considered the commencement of these CCAA proceedings. The primary objective of these CCAA proceedings is to obtain the Stay of Proceedings and provide the Aleafia Group with the “breathing space” necessary to stabilize its business, obtain necessary debtor-in-possession financing and seek one or more transactions through a Court supervised sales process, with the objective of ensuring the continuity of the Aleafia Group’s business, maximizing recovery for stakeholders and, hopefully, preserving some or all of the employment of the group’s employee base.

IV. BACKGROUND OF APPLICANTS AND BUSINESS OPERATIONS

A. Parent and Subsidiaries

i. Aleafia Health Inc.

29. Aleafia Parent was initially incorporated on February 7, 2007 and continued into Ontario on June 27, 2018 under corporate number 1994678. Aleafia Parent operates under the registered business name of “Aleafia Total Health Network”. Aleafia Parent’s registered or head office is located at 100 King Street West, Suite 1600, Toronto, ON M5X 1G5 (the “**Head Office**”). A copy of Aleafia Parent’s corporate profile report is attached hereto and marked as **Exhibit “E”**.

30. Aleafia Parent is a holding company providing management services to the Subsidiaries. Operations of Aleafia Group are substantially conducted through its Subsidiaries.

31. Aleafia Parent is the direct or indirect owner of the Subsidiaries, per the corporate chart attached to this Affidavit at Exhibit “E”. The directors and officers of Aleafia Parent are:⁶

- (a) David Pasioka, Director (Chairman of the Board and the Governance Committee);
- (b) Luciano Galasso, Director (Chairman of the Audit Committee) (“**Galasso**”);
- (c) Jon Pereira, Director;
- (d) Carlo Sistilli, Director (“**Sistilli**” and with Galasso, the “**Interested Directors**”);
- (e) Ian Troop, Director (Chair of the Human Resources and Compensation Committee) (collectively, the “**Board**”);
- (f) Matthew Sale, Chief Financial Officer; and
- (g) Patricia Symmes-Rizakos, Chief Executive Officer.

32. Below is a brief description of each Subsidiary which is an applicant in this CCAA proceeding.

ii. Emblem Corp.

33. Emblem is an active Federal corporation formed by way of Certificate of Arrangement on March 14, 2019. Emblem was previously registered in British Columbia and is extra-provincially registered in Ontario under Corporate No. 1060683-9 and business number 817490154RC0002. Emblem’s prior predecessor names in British Columbia include Saber Capital Corp. and Kristina Capital Corp. A copy of Emblem’s corporate profile search is attached hereto and marked as **Exhibit “F”**.

34. Emblem’s registered office is located at 85 Basaltic Road, Concord, Ontario. The directors and officers of Emblem are:

- (a) Patricia Symmes-Rizakos, Director; and
- (b) Matthew Sale, Director.

35. On March 14, 2019, Aleafia Parent completed an arrangement with Emblem pursuant to which Aleafia Parent acquired all of the issued and outstanding shares of Emblem, following its amalgamation with a prior wholly-owned subsidiary. In accordance with this arrangement, the trading symbol of the common shares of Aleafia Parent changed on the TSX under “ALEF” to “AH”.

⁶ The directors and officers listed in the body of this Affidavit for Aleafia Brands Inc., Aleafia Retail Inc., Emblem Realty Ltd., Growwise Health Limited, 2672533 Ontario Inc. and 2676063 Ontario Inc. are those reflected in the minute books for each entity. The corporate profile reports attached to this Affidavit as Exhibits I, J and N to Q list prior directors/officers in each case.

36. Emblem operates as a wholly-owned Subsidiary of Aleafia Parent with no assets, employees or contracts.

iii. Emblem Cannabis Corporation

37. Emblem Cannabis is the primary operating entity for the Aleafia Group. As discussed and defined further herein, Emblem Cannabis owns certain Real Property, is party to the Distribution Centre Lease, and holds the Emblem Licences. All medical, adult-use, international and wholesale sales flow through Emblem Cannabis.

38. Emblem Cannabis is an active Federal corporation formed by amalgamation on December 6, 2016. Emblem Cannabis is extra-provincially registered in Ontario, British Columbia, Alberta, Saskatchewan and Quebec and has Corporate No. 986205-6 and business number 850708975RC0002. Emblem Cannabis' prior predecessor names include Emblem Cannabis (formerly, Kindcann Limited and 8617384 Canada Inc.) (#8617384), 9845992 Canada Limited (#9845992), Kindcann Realty Limited (formerly, 8682984 Canada Inc.) (#8682984), and 9526820 Canada Inc. (#9526820). A copy of Emblem Cannabis' corporate profile search is attached hereto and marked as **Exhibit "G"**.

39. Emblem Cannabis' registered office is located at 85 Basaltic Road, Concord, Ontario. The directors and officers of Emblem Cannabis are:

- (a) Patricia Symmes-Rizakos, Director; and
- (b) Matthew Sale, Director.

40. Emblem Cannabis operates the following business and purpose in the Aleafia Group structure:

- (a) Emblem Cannabis is the heart of the Aleafia Group's medical cannabis ecosystem, and functions as both a brand and ecommerce marketplace, selling all adult-use products; and
- (b) The Canadian medical cannabis market is serviced through the Emblem brand.

41. For the fiscal year of 2022, Emblem Cannabis had sales of approximately \$41,030,030.53 with approximately 20,000 active medical cannabis patients.

42. Emblem Cannabis is one of the Subsidiaries of Aleafia Parent which is a licensed producer of cannabis in Canada, under the terms of the *Cannabis Act* (Canada) which came into force in 2018. A summary of the timeline of Emblem Cannabis' licensing is provided herein, although further details on the Aleafia Group's licensing structure are outlined later within this Affidavit.

43. In summary:

- (a) On August 26, 2015, Health Canada issued producer's Licence number 10-MM0167 to Emblem (the "**Paris Licence**"), re-issued under LIC-0CN1N0V9QK in November of 2018, as was later amended, expanded and re-authorized. The Paris Licence has a current term ending on January 20, 2028;
- (b) On April 29, 2021, Health Canada issued a research license number under Licence number LIC-28X6T94W2Y (the "**Paris Research Licence**") to Emblem Cannabis. The Paris Research Licence has a current term ending on April 7, 2026; and
- (c) On February 12, 2021, Health Canada issued Licence LIC-CTHF6SVA0C to Emblem Cannabis to operate the distribution centre, which expires on February 12, 2024 and authorizes cannabis storage and the fulfilment of orders to other Licence holders, medical patients and adult-use provincial wholesalers (the "**Distribution Licence**" and with the Paris Licence and the Paris Research Licence, the "**Emblem Licences**"). Copies of the Emblem Licences are attached hereto and marked as **Exhibit "H"**.

iv. Emblem Realty Ltd.

44. Emblem Realty is an active Ontario corporation incorporated on June 1, 2017 under corporate no. 2580295. A copy of Emblem Realty's corporate profile search is attached hereto and marked as **Exhibit "P"**.

45. Emblem Realty's registered office is located at 85 Basaltic Road, Concord, Ontario. The directors and officers of Emblem Realty are:

- (a) Patricia Symmes-Rizakos, Director; and
- (b) Matthew Sale, Director.

46. Emblem Realty functions as a wholly-owned Subsidiary of Aleafia Parent with no assets, employees or contracts.

v. Growwise Health Limited

47. Growwise Health is an active Ontario corporation incorporated on March 18, 2015, and extra-provincially registered in British Columbia and Alberta under corporate number 2458362. Growwise Health's registered or head office is at the Head Office. Growwise Health's registered business or trade name is "Rosehill Medical Group". A copy of the corporate profile report for Growwise Health is attached hereto and marked as **Exhibit "J"**.

48. The directors and officers of Growwise Health are:

- (a) Matthew Sale, Director; and
- (b) Patricia Symmes-Rizakos, Director & President.

49. Growwise Health operates as the research branch of the Aleafia Group for the purposes of general education regarding medical cannabis use. Growwise Health employs one employee (as detailed later herein) and also holds a revenue agreement with an international producer and distributor of medicinal and recreational cannabis, but otherwise holds no material contracts.

vi. Aleafia Farms Inc.

50. Aleafia Farms is an active Ontario corporation incorporated on March 30, 1988 as 755064 Ontario Inc. (“755”), who then changed its name to Aleafia Farms Inc. on February 13, 2018. Aleafia Farms was also revived by its Articles of Revival on March 8, 1999 and exists under corporate number 755064. Aleafia Farm’s registered office is located at 85 Basaltic Road, Concord, Ontario, and it has an expired business name of “Aero Farms Canada”, along with a predecessor name of 755. A copy of the corporate profile report for Aleafia Farms is attached hereto and marked as **Exhibit “K”**.

51. The directors and officers of Aleafia Farms are:

- (a) Matthew Sale, Director, Secretary & Treasurer; and
- (b) Patricia Symmes-Rizakos, Director & President.

52. Aleafia Farms is the operating entity of the Aleafia Group which produces the primary flower supply for pre-roll and product formats of cannabis.

53. Aleafia Farms is one of the Subsidiaries of Aleafia Parent that is a licensed producer of cannabis in Canada, under the terms of the *Cannabis Act* (Canada) which came into force in 2018. A summary of the timeline of Aleafia Farm’s licensing is provided herein, although further details on the Aleafia Group’s licensing structure are outlined later in this Affidavit.

54. In summary:

- (a) On October 13, 2017, Health Canada issued Licence number LIC-GYAJNCME6L to Aleafia Farms (the “**Scugog Licence**”), as was variously renewed, re-authorized and amended. The Scugog Licence has a current term ending on October 9, 2023; and

- (b) On March 13, 2020, Health Canada issued Licence LIC-VTQAQTTMOL to Aleafia Farms, which expires on June 13, 2024 (the “**Grimsby Licence**” and with the Scugog Licence, the “**Aleafia Farms Licences**”). Copies of the Aleafia Farms Licences are attached hereto at **Exhibit “L”**.

vii. Canabo Medical Corporation

55. Canabo is an active Federal corporation incorporated on March 19, 2013 as 8824479 Canada Inc., who changed its name to Canabo Medical Corporation on September 17, 2014. Canabo is also extra-provincially registered in Ontario under corporate number 882447-9 and BN 812755635RC0001. Canabo’s registered office is located at 85 Basaltic Road, Concord, Ontario, and it has a predecessor name of 8824479 Canada Inc. A copy of the corporate profile report for Canabo is attached hereto and marked as **Exhibit “M”**.

56. The directors and officers of Canabo are:

- (a) Matthew Sale, Director;
- (b) Patricia Symmes-Rizakos, Director.

57. Canabo operates as the virtual medical arm of the Aleafia Group and connects patients to medical cannabis clinics across Canada for virtual and phone appointments through physician referral services.

viii. Aleafia Brands Inc.

58. Aleafia Brands is an active Ontario corporation incorporated on November 20, 2018 under corporate number 2666406. Aleafia Brand’s registered office is located at 85 Basaltic Road, Concord, Ontario. A copy of the corporate profile report for Aleafia Brand is attached hereto and marked as **Exhibit “N”**.

59. The directors and officers of Aleafia Brand are:

- (a) Patricia Symmes-Rizakos, Director; and
- (b) Matthew Sale, Director.

60. Aleafia Brands is operationally inactive and holds no assets or liabilities.

ix. Aleafia Retail Inc.

61. Aleafia Retail is an active Ontario corporation incorporated on November 20, 2018 under corporate number 2666405. Aleafia Retail's registered office is located at 85 Basaltic Road, Concord, Ontario. A copy of the corporate profile report for Aleafia Retail is attached hereto and marked as **Exhibit "O"**.

62. The directors and officers of Aleafia Retail are:

- (a) Patricia Symmes-Rizakos, Director; and
- (b) Matthew Sale, Director.

63. Aleafia Retail is operationally inactive and holds no assets or liabilities, other than the One Plant investment described below.

x. 2672533 Ontario Inc.

64. 2672 is an active Ontario corporation incorporated on December 21, 2018 under corporate number 2672533. 2672 is currently extra-provincially registered in Nunavut, British Columbia, Quebec, Nova Scotia, Prince Edward Island and Newfoundland & Labrador. 2672 operates under the registered business/trade name of "Well & Ness". 2672's registered office is located at 85 Basaltic Road, Concord, Ontario. A copy of the corporate profile report for 2672 is attached hereto and marked as **Exhibit "P"**.

65. The directors and officers of 2672 are:

- (a) Patricia Symmes-Rizakos, Director; and
- (b) Matthew Sale, Director.

66. 2672 is operationally inactive and currently holds no assets or liabilities.

xi. 2676063 Ontario Inc.

67. 2676 is an active Ontario corporation incorporated on January 15, 2019 under corporate number 2676063. 2676 is currently extra-provincially registered in Nunavut, British Columbia, Quebec, Nova Scotia, Prince Edward Island and Newfoundland & Labrador. 2676 operates under the registered business/trade name of "Foliedge Academy". 2676's registered office is located at 85 Basaltic Road, Concord, Ontario. A copy of the corporate profile report for 2676 is attached hereto and marked as **Exhibit "Q"**.

68. The directors and officers of 2676 are:

- (a) Patricia Symmes-Rizakos, Director; and
- (b) Matthew Sale, Director.

69. 2676 is operationally inactive and currently holds no assets or liabilities.

xii. Aleafia Inc.

70. Aleafia Sub is an active Ontario corporation formed by amalgamation on March 26, 2018. It is currently extra-provincially registered in Manitoba, Nova Scotia and Newfoundland and Labrador under corporate no. 1992578. Aleafia Sub's registered office is located at 85 Basaltic Road, Concord, Ontario. A copy of the corporate profile report for Aleafia Sub is attached hereto and marked as **Exhibit "R"**.

71. The directors and officers of Aleafia Sub are:

- (a) Patricia Symmes-Rizakos, Director; and
- (b) Matthew Sale, Director.

72. Aleafia Sub is an active Subsidiary and earns certain of its revenue through provision of medical cannabis clinic services.

xiii. Minority Holdings

73. Aleafia Group also holds a minority interest through Aleafia Retail, which holds approximately 9% of the issued and outstanding shares in One Plant (Retail) Corp.

xiv. Recent Corporate Governance Changes

74. From 2020 to 2023, key executive positions have changed.

75. A summary of recent corporate governance changes for the past three fiscal years relating to Aleafia Parent is outlined briefly below:

- (a) On April 27, 2020, Aleafia Parent announced the resignation of directors Julian Fantino and Raf Souccar, and on May 7, 2020 announced the resignation of director Bill Stewart. New directors Rhonda Lawson and Glenn Washer were appointed effective May 16, 2020;
- (b) On January 29, 2021, Rhonda Lawson resigned as a director of Aleafia Parent;

- (c) On February 1, 2021, the Board of Aleafia Parent appointed Galasso and Sistilli as directors to the Board, and Aleafia Parent further agreed to nominate seven directors for election at the 2021 Annual Meeting consisting of four current directors, Galasso, Sistilli, and one additional director to be selected following a search process and approval by the Board. A copy of the material change report dated January 31, 2021 reflecting the appointment of Galasso and Sistilli is attached hereto at **Exhibit “S”**;
- (d) On June 21, 2021, Matthew Sale was appointed as Chief Financial Officer;
- (e) On June 29, 2021, Aleafia Parent announced (i) the election of Ian Troop and Michael LeClair as directors to the Board; (ii) the intention of Lea Ray and Loreto Grimaldi to resign as directors of the Board, within 30-days of such announcement; and (iii) the intention of the Board to appoint Jon Pereira as a director to the Board, concurrently with such resignations;
- (f) On July 29, 2021, Aleafia Parent announced the appointment of Mark J. Sandler as Chairman of the Board;
- (g) On September 1, 2021, David Pasieka was appointed to the Board. Aleafia Health concurrently announced the resignation of director Michael LeClair;
- (h) On April 26, 2022, Gregory Rossi was replaced by Matthew Sale as director and officer of Aleafia Health;
- (i) On February 7, 2022, Aleafia Parent appointed me as Chief Executive Officer of Aleafia Health to replace Geoff Benic; and
- (j) On January 30, 2023, Aleafia Parent announced the retirement of Mark Sandler from the Board and that David Pasieka would succeed Mr. Sandler as Board Chair.

76. Current members of the Board other than Galasso and Sistilli are referred to herein as the “**Disinterested Directors**”. As seen at paragraph 209 below, reference has been made to Galasso and Sistilli’s external involvement in the Aleafia Group’s public AIF.

B. Physical Operations

77. Three real properties are owned by members of the Aleafia Group for the purpose of cannabis cultivation. As summarized below:

Property	Municipal Address	PIN	Legal Description	Registered Owner	Land Registry Office
Scugog Property	2560 Regional Road 19, Scugog, Ontario	26764-0137 (LT)	PT LT 2, CON 2, CARTWRIGHT; BEING PT 1, 40R3687 AND PT 1, 40R25294; TOWNSHIP OF SCUGOG	Aleafia Farms Inc.	40
Grimsby Property	378 South Service Road, Grimsby, Ontario	46033-0368 (LT)	1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY	Aleafia Farms Inc.	30
Paris Property	20 Woodslee Avenue, Paris, Ontario	32040-0546 (LT)	FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3 2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 AND 2 2R7264; COUNTY OF BRANT	Emblem Cannabis Corporation	2

78. Copies of PINs current to July 14, 2023 in relation to the Scugog Property, the Grimsby Property and the Paris Property (collectively, the “**Real Property**”) are attached hereto and marked as **Exhibit “T”**.

i. Scugog Property

79. The Scugog Property is an outdoor cultivation site owned by Aleafia Farms that was the first operational large scale outdoor grow-site in Canada since June of 2019. The facility consists of an 86 acre cultivation area (67 acres planted) with underground irrigation and nutrient feeds, and contains 35,000 in square feet of federally licensed drying and storage facilities.

80. As seen on Exhibit “T”, the Scugog Property is subject to a number of encumbrances. In specific, beyond municipal easements and notices, Aleafia Farms granted certain charges against the Paris Property to the following entities, as summarized:

- (a) Charge registered as Instrument No. DR2098410 on February 8, 2022 from ALEAFIA FARMS INC. in favour of 1260356 Ontario Limited for the principal sum of \$20,000,000.00;
- (b) Charge registered as Instrument No. DR2147378 on June 27, 2022 from ALEAFIA FARMS INC. to COMPUTERSHARE TRUST COMPANY OF CANADA for the principal sum of \$100,000,000.00; and
- (c) Notice of Assignment of Rents – General registered as Instrument No. DR2147379 on June 27, 2022 from ALEAFIA FARMS INC. to COMPUTERSHARE TRUST COMPANY OF CANADA.

81. Copies of these encumbrances are attached hereto and marked as **Exhibit “U”** to this Affidavit. Details on the relationship between these charges and the senior secured lenders to the Aleafia Group are further explained herein.

ii. Grimsby Property

82. The Grimsby Property functions as a “Dutch hybrid” greenhouse containing moving container benches, irrigation and quality analysis tools, with a size of 160,000 square feet. The Grimsby Property also is EU GACP compliant and contains seven drying chambers that are individually climate controlled. The Grimsby Property is not actively growing any cannabis, and is currently for sale, as detailed further herein.

83. As seen on Exhibit “T”, the Grimsby Property is subject to a number of encumbrances. In specific, beyond municipal easements and notices, Aleafia Farms granted certain charges against the Paris Property to the following entities, as summarized:

- (a) Charge registered as Instrument No. NR591525 on October 4, 2021 from ALEAFIA FARMS INC. in favour of 1260356 Ontario Limited for the principal sum of \$20,000,000.00;

- (b) Charge registered as Instrument No. NR600589 on December 24, 2021 from ALEAFIA FARMS INC. in favour of NEXT EDGE GENERAL PARTNER (ONTARIO) INC. and NE SPC II LP. for the principal sum of \$19,000,000.00;⁷
- (c) Notice of Assignment of Rents - General registered as Instrument No. NR600591 on December 24, 2021 from ALEAFIA FARMS INC. in favour of NEXT EDGE GENERAL PARTNER (ONTARIO) INC. and NE SPC II LP;
- (d) Postponement of Interest registered as Instrument No. NR600593 on December 24, 2021 from 1260356 ONTARIO LIMITED in favour of NEXT EDGE GENERAL PARTNER (ONTARIO) INC. and NE SPC II LP. re postponed priority of Charge No. NR591525 to Charge no. NR600589;
- (e) Charge registered as Instrument No. NR618372 on June 27, 2022 from ALEAFIA FARMS INC. to COMPUTERSHARE TRUST COMPANY OF CANADA for the principal sum of \$100,000,000.00;
- (f) Notice of Assignment of Rents – General registered as Instrument No. NR618373 on June 27, 2022 from ALEAFIA FARMS INC. to COMPUTERSHARE TRUST COMPANY OF CANADA;
- (g) Transfer of Charge registered as Instrument No. NR643871 on June 12, 2023 from NEXT EDGE GENERAL PARTNER (ONTARIO) INC. and NE SPC II LP. to RED WHITE & BLOOM BRANDS INC.; and
- (h) Notice of Assignment of Rents – General registered as Instrument No. NR643873 on June 12, 2023 from NEXT EDGE GENERAL PARTNER (ONTARIO) INC. and NE SPC II LP. to RED WHITE & BLOOM BRANDS INC.

84. Copies of these encumbrances are attached hereto and marked as **Exhibit “V”** to this Affidavit. Details on the relationship between these charges and certain secured lenders to the Aleafia Group are further explained herein.

85. The Grimsby Property is currently for market and has been subject to attempted sales, which have been unsuccessful to date.

⁷ For reference, NE SPC II LP was the lender under the Senior Loan Agreement, until it assigned the Senior Loan Agreement to RWB on June 6, 2023.

iii. Paris Property

86. The Paris Property constitutes the hub of Aleafia Group's cannabis product development, and is over 56,000 square feet in size. The Paris Property's capacity is over 40,000 kgs of annual product in oils, capsules, sublinguals and vape cartridge formats. The Paris Property also contains analytical and quality testing labs, and super critical CO2 extraction and cannabis winterization machinery to convert dried flower into cannabis extracts.

87. The Paris Property is also responsible for all finished goods manufacturing and packaging and within the facility is an indoor cultivation centre designated as craft flower, which represents approximately 1,200 kg per year in usable flower which is primarily exported into international markets. As of July 24, 2023, the Paris Property will also fulfill all medical patient orders; this operation was previously fulfilled at the Distribution Centre.

88. As seen on Exhibit "T", the Paris Property is subject to a number of encumbrances. In specific, beyond municipal easements and notices, Emblem Cannabis granted certain charges against the Paris Property to the following entities, as summarized:

- (a) Charge registered as Instrument No. BC413999 on October 4, 2021 from EMBLEM CANNABIS CORPORATION in favour of 1260356 Ontario Limited for the principal sum of \$20,000,000.00;
- (b) Charge registered as Instrument No. BC420311 on December 24, 2021 from EMBLEM CANNABIS CORPORATION in favour of NEXT EDGE GENERAL PARTNER (ONTARIO) INC. and NE SPC II LP. for the principal sum of \$19,000,000.00;
- (c) Notice of Assignment of Rents - General registered as Instrument No. BC420312 on December 24, 2021 from EMBLEM CANNABIS CORPORATION in favour of NEXT EDGE GENERAL PARTNER (ONTARIO) INC. and NE SPC II LP.;
- (d) Postponement of Interest registered as Instrument No. BC420318 on December 24, 2021 from 1260356 ONTARIO LIMITED in favour of NEXT EDGE GENERAL PARTNER (ONTARIO) INC. and NE SPC II LP. re postponed priority of Charge No. BC413999 to Charge no. BC420311;

- (e) Charge registered as Instrument No. BC434024 on June 27, 2022 from EMBLEM CANNABIS CORPORATION to COMPUTERSHARE TRUST COMPANY OF CANADA for the principal sum of \$100,000,000.00;
- (f) Notice of Assignment of Rents – General registered as Instrument No. BC434025 on June 27, 2022 from EMBLEM CANNABIS CORPORATION to COMPUTERSHARE TRUST COMPANY OF CANADA;
- (g) Transfer of Charge registered as Instrument No. BC454633 on June 12, 2023 from NEXT EDGE GENERAL PARTNER (ONTARIO) INC. and NE SPC II LP. to RED WHITE & BLOOM BRANDS INC.; and
- (h) Notice of Assignment of Rents – General registered as Instrument No. BC454634 on June 12, 2023 from NEXT EDGE GENERAL PARTNER (ONTARIO) INC. and NE SPC II LP. to RED WHITE & BLOOM BRANDS INC.

89. Copies of these encumbrances are attached hereto and marked as **Exhibit “W”** to this Affidavit. Details on the relationship between these charges and certain secured lenders to the Aleafia Group are further explained herein.

iv. Distribution Centre

90. Emblem Cannabis also operates a distribution centre for its Direct to Patient Home Delivery medical cannabis delivery service out of the Greater Toronto Area at 85 Basaltic Road, Concord, Ontario (otherwise referred to herein as the “**Distribution Centre**”). As noted above, the Distribution Centre also operates as the registered/head office for the Aleafia Group members. The Aleafia Group currently plans to cut costs by shutting down the Distribution Centre by transferring all site activities to the Paris Property by the end of July 2023, including the fulfilment of all medical and storage needs, which completion and exit is set for October of 2023.

91. While the location for the Distribution Centre is not owned by the Aleafia Group, the Distribution Centre functions to fulfill same-day orders to other Licence holders, medical patients, and adult-use provincial wholesalers, and also provides cannabis storage services to licensed third parties. Details on the Distribution Centre can be found at <https://emblemcannabis.com/assure-home-delivery/>, a screenshot of which is attached hereto to this Affidavit at **Exhibit “X”**.

92. Emblem Cannabis rents the Distribution Centre from Tonlu Holdings Limited (“**Tonlu**”) pursuant to the terms of a lease between Emblem Cannabis, as tenant, Tonlu, as landlord, and Aleafia Parent, as indemnifier, dated April 16, 2020 (the “**Distribution Centre Lease**”, as may have been later amended and varied). The Aleafia Group understands that Tonlu has since been acquired by an entity named Pure Industrial, which entity now operates the Distribution Centre Lease.

93. Emblem Cannabis also holds a sublease between itself, as sublandlord, and Richelieu Hardware Canada Ltd., as subtenant, dated October 21, 2020 (the “**Distribution Centre Sublease**”), which was operational to July 31, 2022. The Distribution Centre Sublease presently continues on a month-to-month basis.

94. Emblem Cannabis and Aleafia Parent have recently received certain notices of termination and late payment of rent relating to the Distribution Centre Lease.

v. Newfoundland Site

95. Canabo operates a direct-to-patient medical business from a physical location in St. John’s Newfoundland, which is staffed by physicians who are independent contractors. Canabo rents the property from 55945 Newfoundland and Labrador Limited pursuant to a lease dated June 1, 2023 relating to Elizabeth Centre, civic number 55 Elizabeth Avenue (the “**Newfoundland Site**”).

C. Licences

i. Health Canada Licences

96. As referred to above, pursuant to the *Cannabis Act* and the *Cannabis Regulations*, Emblem Cannabis and Aleafia Farms hold certain cannabis licenses from Health Canada (collectively, the “**Cannabis Licences**”). All Cannabis Licences are currently in force. Attached hereto and marked as **Exhibit “Y”** is a chart which summarizes all cannabis licenses issued to the Aleafia Group by Health Canada. Beyond Exhibit “Y”, Aleafia Group also obtains requisite licenses for exporting cannabis internationally from Health Canada on an as-needed basis.

97. The Cannabis Licences permits the following activities for each licensee, in accordance with s. 8(1) to (5) of the *Cannabis Regulations*:

- (a) Aleafia Farms – *Licence for the Grimsby Property*:

- (i) Cultivation (Standard Cultivation), granting authority to sell to authorized distributors/retailers plants/seeds products;
- (b) Aleafia Farms – *Licence for the Scugog Property*:
 - (i) Cultivation (Standard Cultivation), granting authority to sell to authorized distributors/retailers plants/seeds products;
- (c) Emblem Cannabis – *Licence for the Paris Property*:
 - (i) Cultivation (Standard Cultivation), Processing (Standard Processing), Sale (Sale for Medical Purposes), granting collectively the authority to sell plants/seeds, dried/fresh, extracts, edibles, topical products to authorized distributors/retailers, and plants/seeds, dried/fresh, extracts, edibles and topical products to registered patients; and
- (d) Emblem Cannabis – *Licence for the Distribution Centre*:
 - (i) Processing (Standard Processing) and Sale (Sale for Medical Purposes), authorizing the sale of plants/seeds and dried/fresh products to authorized distributors/retailers and registered patients.

98. As of today's date, Health Canada has not indicated that it has any material issues or concerns with respect to compliance with the *Cannabis Act*, the *Cannabis Regulations* or the conditions under the Cannabis Licences issued to relevant members of the Aleafia Group.

ii. Excise Cannabis Licence

99. Emblem Cannabis obtained its cannabis license under the *Excise Act, 2001* (Canada) effective on October 17, 2022 (the "**Excise Cannabis Licence**"). Attached hereto and marked as **Exhibit "Z"** is a copy of the Excise Cannabis Licence.

100. The expiry date for the Excise Cannabis Licence is October 16, 2023. In order to renew the Excise Cannabis Licence, Emblem Cannabis must satisfy its statutory obligations under the *Excise Act, 2001* and the conditions under the Excise Cannabis Licence.

101. Canada Revenue Agency ("**CRA**") has not indicated in writing that it has any issues or concerns with respect to Emblem Cannabis' compliance with its obligations under the *Excise Act, 2001* or the

conditions under the Excise Cannabis Licence. However, there are significant excise tax duties owing by Emblem Cannabis, the amounts of which are discussed later herein, that have been the discussion of correspondence between counsel to Emblem Cannabis and the CRA.

iii. Supply Agreements

102. Regulatory agencies across Canada mandate that all cannabis products must be purchased from a provincially-prescribed distributor of cannabis products.

103. Certain of the Aleafia Group have accordingly entered into various supply agreements constituting licenses with three provincial regulators for the purpose of selling cannabis products in three major Canadian provinces (Ontario, Alberta and British Columbia).

104. In the province of Manitoba, licensed cannabis retailers buy their product exclusively through Manitoba Liquor & Lotteries (“**MBLL**”) from Health Canada licensed suppliers. In order to be considered a supplier of non-medical cannabis, MBLL requires a completed application form and that certain criteria are met. Emblem Cannabis has completed this material and operates as a supplier to MBLL. A copy of the website of MBLL detailing the supplier application process, as well as associated terms and conditions for suppliers, is attached hereto and marked as **Exhibit “AA”**.

105. In the province of Saskatchewan, Emblem Cannabis is listed publicly by the Saskatchewan Liquor and Gaming Authority (“**SLGA**”) as a registered supplier and wholesale permittee. SLGA is responsible for regulating the distribution and sale of recreational cannabis in Saskatchewan. A copy of a list of all wholesale cannabis permittees and registered licensed producers, which Emblem Cannabis is listed on, and as published to SLGA’s public website, is attached hereto and marked a **Exhibit “BB”**.

106. Certain business relationships that the Aleafia Group held for the inter-provincial supply of cannabis in Manitoba and Saskatchewan were with entities associated with Fire & Flower, who is a cannabis wholesaler and distributor that has since obtained CCAA protection as of early June in 2023. As commented later on herein, a growing number of Canadian cannabis companies have been seeking (or have been rumoured to be anticipating seeking) creditor protection, which have triggered commercial consequences for their business counterparts in the sector.

D. Partnerships, Alliances and Joint Ventures

i. Joint Ventures

107. Aleafia Parent has had historical business dealings in the German market, although the Aleafia Group is no longer operational in Europe. On or about May 6, 2019, Aleafia Parent announced that Aleafia Parent would enter the German medical cannabis market via a joint-venture with German pharmaceutical wholesaler Acnos Pharma GmbH. Aleafia Group functioned in Germany through Aleafia Health Germany GmbH, which purchased Aleafia Group products for distribution to German pharmacies and for clinical trial usage. This joint-venture is no longer operational, although Emblem Cannabis still sources products to the German market through a separate supply agreement (as later described herein).

108. In addition, Aleafia Parent previously held an equity stake in CannaPacific Pty. Limited, which functioned through a joint venture (the “**CannaPacific Joint Venture**”). The CannaPacific Joint Venture has since concluded and Aleafia Parent holds a remaining equity stake in a successor entity named Biortica Agrimed. The Aleafia Group currently still works with one other approved Australian entity for cannabis oil shipments to the Australian market.

109. The Aleafia Group currently has one joint venture with another business partner; the timeline leading to this joint venture is further described below.

110. On or about September 25, 2018, Aleafia Parent entered into a letter of intent to acquire a 51% stake in One Plant, which was an adult-use cannabis retail operation led by members of the Serruya Family (the “**Serruya Family**”), including Aaron Serruya, the president of International Franchise Inc., which has over 4500 franchise locations in over 50 countries. The “**One Plant JV**” marked the first phase of a multiphase strategy that was intended to see Aleafia enter the adult-use cannabis industry and related retail operations in Canada, joining Aleafia’s two existing business pillars; cannabis cultivation and medical clinic operations. A copy of the press release associated with the One Plant JV dated September 25, 2018 (the “**One Plant Press Release**”) is attached hereto to this affidavit at **Exhibit “CC”**. As stated therein, the initial launch was purposed to provide over twenty retail locations in Ontario. However, this letter of intent was never completed.

111. Under the terms of the One Plant JV (terms as defined in the One Plant Press Release), Aleafia and Serruya Family were to establish a new corporation for the One Plant JV to be owned 51% by Aleafia and 49% by Serruya Family. However, the province of Ontario only allowed licensed producers of

cannabis to own or control up to 9.9% of a corporation holding a cannabis retail operator license at that time.

112. Accordingly, on or about November 23, 2018, Aleafia Retail acquired a 9.9% interest in One Plant. Concurrently, SPE Finance LLC acquired 5 million common shares in Aleafia Health, and a \$4 million equity investment in One Plant.

ii. International Supplier Arrangements

113. Certain international supply agreements held by the Aleafia Group remain active.

114. On or about July 22, 2022, Emblem Cannabis entered into a supply and cooperation with Vayamed GmbH (“**Vayamed**”) for Vayamed to purchase cannabis flower directly from Emblem Cannabis.

115. Under the terms of a purchase agreement dated January 24, 2023 between Emblem Cannabis and Deutsche Medizinalcannabis GmbH (“**Demecan**”), Emblem Cannabis also sources products to Demecan in Germany for the purpose of manufacturing and selling to wholesalers, retailers and pharmacies within Germany.

E. Employees

116. The Aleafia Group has the following employees, co-op students, contractors and part-time employees (collectively, the “**Employees**”):

Employee Designation	Distribution Centre	Grimsby Property	Paris Property	Scugog Property	Remote	NFLD Site	Overall Total
<i>Full Time</i>	37*	2	62	16	23	8*	147
<i>Co-op Student</i>	1*	0	0	0	0	0	1
<i>Contract</i>	0	0	0	0	1	0	1
<i>Part Time</i>	0	0	0	0	1	0	1
Total	38	2	62	16	25	8	151

117. As of the date of this Affidavit, the Aleafia Group has 147 full-time employees, along with 1 co-op student, 2 contract and 1 part-time employee. As described further in this section, certain of these employees have been given notices to terminate their employment.

118. The Applicants do not sponsor, administer or otherwise have any registered or unregistered employee pension plans. An excel spreadsheet breaking down the employer name for each Employee, with redacted Employee names, is attached hereto and marked as **Exhibit “DD”**.

119. Employees located on the Newfoundland Site are employed by Canabo. Seven of these employees are members of the union Unifor Local 597. All of the other Employees of the Aleafia Group located on other sites are non-unionized.

120. Per the above asterisks beside the numbers in the chart at para 116, all full-time employees and the co-op student located at the Distribution Centre, and all unionized employees located at the Newfoundland Site, have been given notices of termination (the “**Terminated Employees**”). The Terminated Employees are on working notice until the end of the summer.

121. Hourly employees are paid bi-weekly one week in arrears. Payments to hourly employees are current based on the payroll schedule but are owed one week of pay in arrears. Salaried employees are paid bi-monthly to date.

122. Aleafia Parent has also entered into certain master service agreements with third parties for the provision of, among other things, human capital management solutions associated with employee management

F. Intellectual Property

123. Members of the Aleafia Group also own certain intellectual property used in connection with their business operations. A comprehensive list of the Applicants’ Canadian and U.S. copyright registrations, trademarks and patents is attached hereto and marked as **Exhibit “EE”**.

G. Cash Management System

124. In the ordinary course of business, the Applicants use a cash management system (the “**Cash Management System**”) to, among other things, collect funds and pay expenses associated with operations. This Cash Management System provides the Aleafia Group with the ability to efficiently and accurately track and control corporate funds and to ensure cash availability.

125. As part of this Cash Management System, the Aleafia Group maintain twenty-four (24) bank accounts, which are summarily described below:

- (a) Bank of Montreal: eight (8) accounts including the CAD operating accounts for Canabo, Aleafia Sub, Aleafia Farms and Aleafia Health, along with an Aleafia Health savings account required to maintain cash collateral for its Bank of Montreal corporate credit cards, and three accounts required for corporate credit cards;
- (b) Libro Credit Union: nine (9) accounts including the CAD operating account for Emblem Corp, Emblem Cannabis and GrowWise, profit sharing accounts for Emblem Corp, Emblem Cannabis and GrowWise, and USD, petty cash and profit sharing accounts; and
- (c) Toronto-Dominion Bank: seven (7) accounts including an additional CAD operating account for Emblem Corp and Emblem Cannabis, an Emblem Cannabis blocked account, two accounts tied to TD corporate credit cards, and two savings accounts.

V. FINANCIAL CIRCUMSTANCE AND CASH FLOW FORECAST

126. As referred to above, Aleafia Group has a fiscal year-end of March 31st.

127. Attached hereto and marked collectively at **Exhibit “FF”** are Aleafia Group’s Management’s Discussion and Analysis for the fiscal year ended March 31, 2023 and audited consolidated financial statements from SEDAR for the fiscal year ended March 31, 2023, fifteen months ended March 31, 2022, fiscal year ended December 31, 2020 and fiscal year ended December 31, 2019 (the “**Financial Statements**”).

128. Attached hereto and marked at **Exhibit “GG”** are copies of Aleafia Group’s unaudited interim condensed consolidated financial statements from OTC Markets Group for the six months ended September 30, 2022 and the nine months ended December 31, 2022.

129. Attached hereto and marked at **Exhibit “HH”** is a draft copy of Aleafia Parent’s condensed consolidated statements of financial position as at June 30, 2023, and Aleafia Parent’s condensed consolidated statements of profit or loss and comprehensive income for the three months ended June 30, 2023.

130. All material public disclosure made by Aleafia Parent to TSX and OTC Markets Group can be found either at OTC Markets Group: <https://www.otcmarkets.com/stock/ALEAF/disclosure> or by searching “Aleafia Health Inc.” at SEDAR: <https://www.sedar.com/>.

131. Below tables referring to Aleafia Group’s “Assets” and “Liabilities” are compiled from reference to the Financial Statements, and were audited by an external third party.

A. Assets

132. Assets are as follows:

Current Assets			
	<i>03.31.23</i>	<i>03.31.22</i>	<i>12.31.20</i>
Cash & restricted cash	627	1,569	30,529
Accounts receivable	4,275	7,751	9,311
Net tax receivable		530	
Prepaid expenses	1,867	2,952	5,063
Inventory	16,605	21,664	27,242
Biological assets	2,404	1,179	2,511
Other current Assets	70	1,190	
Total Current Assets	25,848	36,835	74,656
Non-Current Assets			
Prepaid expenses			460
Right-of-use asset, net	1,280	1,844	2,782
Property, plant and equipment	30,406	40,448	78,469
Investments	2,391	2,391	6,620
Intangible assets			66,029
Total Non-Current Assets	34,077	44,683	154,360
Total Assets	59,925	81,518	229,016

B. Liabilities

133. Liabilities are as follows:

Current Liabilities			
	<i>03.31.23</i>	<i>03.31.22</i>	<i>12.31.20</i>
Accounts payable and accrued liabilities	9,238	23,999	20,239
Net tax payable	8,886		
Lease obligation	260	522	441
Credit facility	12,882	12,073	
Convertible debt		36,401	24,361

Notes payable			
Mortgage payable			
Other current liabilities	4,375		
Total Current Liabilities	35,641	72,995	45,041
Non-Current Liabilities			
Lease obligation	1,596	1,833	2,726
Convertible Debt	27,172		32,441
Credit Facility		5,075	
Notes payable	4,429		
Mortgage payable			
Deferred Tax Liability			2,854
Total Non-Current Liabilities	33,197	6,908	38,021
Total Liabilities	68,838	79,903	83,062

i. PPSA Registrations

134. Attached hereto and marked as **Exhibit “II”** are true copies of the Personal Property Registry search results for each of the Applicants across Canada (collectively the “**PPR Searches**”).

135. Attached hereto and marked as **Exhibit “JJ”** is a summary of the PPR Searches.

136. As seen in the summary of the Applicants’ PPR registrations at the above Exhibit, due to the need for supply equipment in the cannabis industry, the Applicants are subject to a significant number of personal property leases (the “**Equipment Leases**”).

137. Many of the Equipment Leases are subject to acceleration terms upon failed payment, which may trigger events of default.

138. Beyond the specific secured party listings against the Applicants relating to certain personal property, there are three senior secured lenders of the Aleafia Group:

- (a) Red White & Bloom Brands Inc. (“**RWB**”);
- (b) 1260356 Ontario Limited (“**126**”); and
- (c) Computershare Trust Company of Canada (“**Computershare**”), as indenture trustee in respect of the issuance of three series of secured convertible debentures, as discussed herein.

139. Details on the three senior secured lenders are summarized for the convenience of the reader below.

a. RWB

140. On or about December 24, 2021, NE SPC II LP, as lender (“**NE SPC**”), Aleafia Parent, Emblem Cannabis, and Aleafia Farms, as borrowers, and each of Emblem Corp., Canabo and Aleafia Sub, as guarantors (collectively, the “**Senior Loan Credit Parties**”) entered into a loan agreement, as amended, and subject to an assignment of indebtedness and security dated June 6, 2023 such loan agreement was assigned by NE SPC to RWB (collectively, the “**Senior Loan Agreement**”, as may have been later amended, altered or varied). Copies of the public Senior Loan Agreement are attached hereto and marked as **Exhibit “KK”**.

141. Under the terms of the Senior Loan Agreement, NE SPC (which assigned the Senior Loan Agreement to RWB on June 6, 2023) extended to Aleafia a revolving facility of \$7,000,000 (subject to borrowing base calculations) and a non-revolving term loan facility of \$12,000,000.

142. A chart outlining the security given in association with the loans is appended to this Affidavit at **Exhibit “LL”**. All associated security documents are attached to this Affidavit at **Exhibit “MM”**.

143. The stated maturity date under the Senior Loan Agreement is December 24, 2023, however, as further described herein, Aleafia Parent is in breach of certain covenants under the Senior Loan Agreement.

144. Details on the context of the assignment of the loans and security from NE SPC to RWB, as well as the Proposed Transaction, are explained further within this Affidavit.

145. As of June 30, 2023, the outstanding indebtedness owed to RWB is for a collective amount of \$15,191,480.43. There is no more availability under the Senior Loan Agreement.

b. 126

146. On or about August 20, 2021, 126, as lender, and Aleafia Parent, as borrower, entered into a credit agreement, as later amended by agreement dated December 24, 2021, and as later amended by second amending agreement dated August 26, 2022 (collectively, the “**126 Loan Agreement**”, as may have been later amended, altered or varied). Copies of the 126 Loan Agreement are attached hereto and marked as **Exhibit “NN”**.

147. Pursuant to the terms of the 126 Loan Agreement, 126 originally extended a loan of \$10,000,000.

148. 126 is an active Ontario corporation incorporated on October 10, 1997 with the registered office location of 100 Zenway Boulevard in Woodbridge, ON L4H 2Y7. A copy of the corporate profile for 126 is attached hereto and marked as **Exhibit “OO”**.

149. As of July 14, 2023, the total approximate indebtedness owed to 126 is \$5,552,575.34.

c. Debentures through Computershare

150. On June 27, 2019, Aleafia Parent completed a public offering of 40,250 convertible debenture units at a price of \$1,000 per unit, with each unit consisting of \$1,000 principal amount of convertible debentures (the “**2019 Debentures**”) and 680 common share purchase warrants. The 2019 Debentures bore interest at a rate of 8.5% per annum from the date of issue, payable semi-annually in arrears on the last day of June and December in each year (each, an “**Interest Payment**”) and were to mature on June 27, 2022.

151. Aleafia Parent did not make an Interest Payment of \$1,587,375 on December 31, 2021, and did not make the Interest Payment within the 30 day cure period thereafter (the “**Missed Payment**”). In connection with the Missed Payment, Aleafia Parent entered into a forbearance agreement effective January 31, 2022 with holders representing approximately 62% of the principal amount of 2019 Debentures pursuant to which the holders, among other considerations, agreed to (i) forbear in enforcing their rights or remedies against Aleafia Health under the indenture and otherwise at law with respect to the non-payment of interest until the maturity date of June 26, 2022, and (ii) work with Aleafia Parent expeditiously and in good faith to negotiate a transaction to, among other matters, amend the terms of the 2019 Debentures.

152. On April 22, 2022, Aleafia Health and representatives of certain holders of 2019 Debentures came to an agreement in principle to amend certain key commercial the terms of the amendments to the 2019 Debentures.

153. On June 27, 2022, following receipt of requisite debentureholder and TSX approvals and the satisfaction of certain additional conditions precedent, Aleafia Parent entered into amended and restated debenture indenture with Computershare as supplemented by: (a) the first supplemental indenture providing for the issuance of the 8.50% Series A Secured Convertible Debentures due June 30, 2024, (b) the second supplemental indenture providing for the issuance of the 8.50% Series B Secured Debentures due June 30, 2026 and (c) the third supplemental indenture providing for the issuance of the 8.50% Series

C Secured Convertible Debentures due June 30, 2028 (collectively, the “**Debenture Agreements**”). The Debenture Agreements are attached to this Affidavit as **Exhibit “PP”** and a copy of the press release announcing the effectiveness of the amendments to the 2019 Debentures is attached to this Affidavit as **Exhibit “QQ”**.

154. The Debenture Agreements gave effect to the amendments to the 2019 Debentures, which resulted in the exchange of the outstanding principal amount of 2019 Debentures for new secured convertible debentures, which were issued to existing holders of 2019 Debentures in three equal, separate series with the following key terms:

Series	Initial Principal Amount	Maturity Date	Conversion Price	Interest Rate	PIK Interest
Series A Debentures	\$12.35 million	June 30, 2024	\$0.25	8.5%	24 months
Series B Debentures	\$12.35 million	June 30, 2026	\$0.30	8.5%	24 months
Series C Debentures	\$14.736 million	June 30, 2028	\$0.35	8.5%	30 months

155. A chart outlining the security given in association with the Debenture Agreements is appended to this Affidavit at Exhibit “LL”. All associated security documents are attached to this Affidavit at **Exhibit “RR”**.

156. As of July 14, 2023, the approximate indebtedness owed to the Debentureholders is as follows:

- (a) \$13,435,211 in principal amount of Series A;
- (b) \$13,435,211 in principal amount of Series B; and
- (c) \$16,031,609 in principal amount of Series C.

ii. Property Taxes

157. Property taxes on all Real Property are outstanding as of June 25, 2023 in the following amounts:

- (a) Grimsby Property: \$27,454.08;
- (b) Paris Property: \$299,351.54; and
- (c) Scugog Property: \$41,677.23.

158. A copy of the property tax certificates for each Real Property location is attached hereto, along with associated realty tax statement for the Scugog Property and marked as **Exhibit “SS”**.

iii. Unsecured Liabilities

159. Per the Applicants’ books and records, the Applicants’ unsecured obligations as of July 19, 2023 totalled approximately \$27.3 million.

a. Trade Creditors

160. Aleafia Group incurs obligations in the ordinary course of business to various trade creditors. As at July 14, 2023, the total amount owing to trade creditors was approximately \$9,028,440.00. The Applicants’ inability to pay their vendors, third-party suppliers and service providers in the ordinary course has negatively impacted the business. Specifically, the Applicants have been unable to purchase cannabis from third-party suppliers and fulfill numerous hard pipeline purchase orders. This has resulted in a significant loss of revenue. The Applicants’ liquidity issues have likewise adversely impacted their capacity to, among other things, cultivate and sell cannabis.

b. Notes Payable

161. According to the Financial Statements, the notes payable of the Aleafia Group were as follows:

	<i>03.31.23</i>
Unsecured loans	4,765
Total Notes Payable	4,765
Current	
Non-current	4,765

Promissory Notes

162. During the fiscal year ended March 31, 2023, Aleafia Parent entered into three promissory notes, totaling \$4.5 million, each carrying a fixed 12.75% interest rate, which interest accrues and is to be paid bi-monthly. The first note of \$1.0 million was issued on December 16, 2022, the second note of \$1.5 million was issued on January 24, 2023, and the third note of \$2.0 million was issued on February 28, 2023 (collectively, the “**Notes**”) with the lender Royal Group Resources Ltd. (“**RGRL**”). All three Notes become due and payable on December 31, 2024. Aleafia Parent intends to use the proceeds from the Notes to fund working capital. Copies of the Notes are attached hereto and marked as **Exhibit “TT”**.

163. A copy of a corporate profile report for RGRL is appended hereto and marked as **Exhibit “UU”**.

164. As is later detailed herein, the Ad Hoc Group have alleged that the RGRL entities have potential related interests with 126.

Intercompany Balances

165. Various members of the Aleafia Group are recipient of significant intercompany receivables and payables. A chart detailing the outstanding intercompany balances of the Aleafia Group as of June 30, 2023, is attached hereto at **Exhibit “VV”**.

166. Total intercompany receivables are valued at approximately \$85,737,095.45 and total intercompany payables are valued at \$85,737,095.45.

167. An additional chart breaking down the trial balance for Emblem Realty as at December 31, 2023, relating to debit v. credit for certain intercompany balances is also attached hereto at **Exhibit “WW”**.

iv. Source Deductions, Excise Duty and HST

a. Source Deductions

168. The payment of source deductions is current.

b. Excise Duty

169. A federal excise duty is payable by a licensed cannabis producer when cannabis products are packaged, based on the quantity of flowering and non-flowering material, viable seeds or vegetative cannabis plants included in the dried/fresh cannabis, cannabis plant and cannabis europa seed product. The federal excise duty is to be paid monthly.

170. As at June 30, 2023, it is estimated that the Aleafia Group had approximately \$9.3 million in excise tax arrears (net of deposits) and approximately \$2.5 million in sales tax arrears, inclusive of an existing \$800,000 approximate excise deposit by Emblem Cannabis. Payments in July of 2023 of approximately \$225,000/week were made during the weeks of July 3, 10 and 17, with \$100,000/week made every relevant week prior.

171. On or about June 23, 2023, counsel to Emblem Cannabis wrote a letter to the CRA discussing a Proposed Transaction (term as defined below) and indicating that the Aleafia Group continues to face

“extreme financial hardship”. The letter further commented that Emblem Cannabis was willing to commit to the following arrangement with the CRA:

- (a) Filing of tax returns by August 31, 2023 for 2021 T2 corporate income returns;
- (b) Remaining current on all corporate income tax returns, GST/HST returns and excise duty filings going forward;
- (c) Beginning payment of \$225,000/week (commencing on July 7, 2023) in respect of current excise duties to be applied to current remittances owing in respect of the June 2023 excise duty return due to be filed by July 2023;
- (d) An offered collateral charge to the CRA in respect of certain of the Real Property; and
- (e) Returning to the CRA with a definitive payment plan by no later than November 30, 2023.

172. A copy of this correspondence is attached hereto and marked as **Exhibit “XX”** to this Affidavit. No response has been received by the CRA, but as mentioned above, Emblem Cannabis continued to pay \$225,000/week for July of 2023 up to filing.

c. HST

173. The majority of outstanding HST obligations to the CRA are held by Emblem Cannabis for approximately \$2.5 million CAD as of May 31, 2023, with approximately less than \$100,000 CAD remaining held with Canabo Medical and Growwise.

174. Aleafia Farms, Aleafia Parent and Emblem hold HST credits/receivables in the following amounts:

- (a) Aleafia Farms: \$591,425.00;
- (b) Emblem: \$924,777.00; and
- (c) Aleafia Parent: \$596,749.00.

175. On or about April 4, 2023, Emblem Cannabis received a notice of determination (the “**Notice of Determination**”) respecting certain Canada Emergency Wage Subsidy qualifying periods from the CRA. A copy of the Notice of Determination and associated appendices are attached hereto at **Exhibit “YY”**.

176. On or about June 30, 2023, Emblem Cannabis formally objected to the Notice of Determination. A copy of the filed letter by Emblem Cannabis containing the objection is attached hereto at **Exhibit “ZZ”**.

v. Litigation

177. There is presently extensive ongoing litigation involving various members of the Aleafia Group. Certain material claims involving various members of the Aleafia Group are as follows, although certain of the below may be settled (collectively, the “**Ontario Claims**”):

- (a) *Martin et al. v. 2626725 Ontario Inc. operating as The Pint Public House et al.* (“**Martin**”) – CV21006733540000;
- (b) *Cooper v. Aleafia Health Inc.* – CV22006764240000;
- (c) *Wellbeing Digital Sciences Inc. v. Aleafia Health Inc. et al.* (“**Wellbeing**”) – CV22006783450000;
- (d) *Third Eye Insights Corporation v. Aleafia Health Corporation et al.* – CV22000005440000
- (e) *Tayts v. Emblem Cannabis Corporation et al.* – CV19006167680000;
- (f) *Emblem Cannabis Corporation v. I-Way Transport et al.* – CV21006579190000;
- (g) *Environmental Systems Corporation v. Emblem Cannabis Corporation et al.* – CV20006520090000;
- (h) *Mooring v. Aleafia Health Inc.* – CV2100663761000;
- (i) *Hybrid Financial Ltd. v. Aleafia Health Inc.* – CV22006797310000; and
- (j) *Cornacchia v. Aleafia Inc.* – CV18001361640000.

178. There are also certain claims that have been initiated against various members of the Aleafia Group outside of Ontario (and together with the Ontario Claims, the “**Claims**”). A list of certain material claims located outside of Ontario are:

- (a) *Plaintiff (Lisa Langevin) v. Aurora Cannabis Inc. Et al. (Defendants)* (“**Langevin**”); and

(b) *Manning Elliott LLP v. Aleafia Health Inc.*

179. The following materials have been appended to this Affidavit:

- (a) a chart summarizing the liabilities of the Claims is attached hereto and marked as **Exhibit “AAA”**; and
- (b) a separate chart which breaks down the status of all Claims, including total liabilities contained in each, is attached hereto and marked as **Exhibit “BBB”**.⁸

180. Three of the more significant Claims outstanding against the Aleafia Group are *Langevin, Martin* and *Wellbeing*. Brief summaries of these matters’ relevant Statements of Claim are reviewed below for the convenience of the reader.

181. The Applicants do not intend to serve the parties to the above-noted litigation in connection with the Applicants’ Application Record. The Applicants will include counsel for the above noted plaintiffs in the Service List developed in connection with the Comeback Hearing.

a. Plaintiff (Lisa Langevin) v. Aurora Cannabis Inc. Et al. (Defendants)

182. By statement of claim issued on June 16, 2020, the plaintiff has claimed damages in the aggregate of \$505,000,000.00 alongside an order certifying the action as a class proceeding, in respect of allegations that defendants marketed and sold cannabis products that had different levels of tetrahydrocannabinol (“**THC**”) or cannabidiol (“**CBD**”) than advertised, among other heads of relief. Other defendants include entities in the business of manufacturing and distributing cannabis products, including Aurora Cannabis Inc., Cronos group Inc., Organigram Holdings Inc., and others. A copy of the Statement of Claim is attached hereto and marked as **Exhibit “CCC”**.

b. Martin et al. v. 2626725 Ontario Inc. operating as The Pint Public House et al.

183. By statement of claim issued on December 7, 2021, Shameka Martin and Annette Martin commenced an action in Toronto against 2626725 Ontario Inc. operating as The Pint Public House, Growwise, and Althea Health Inc. (*sic*) in the aggregate amount of \$3,100,000, claiming, *inter alia*, joint and several negligence against the defendants, which resulted in a car accident. A copy of the statement of claim is attached hereto and marked as **Exhibit “DDD”**.

⁸ I understand from Aleafia Group’s counsel that certain of the Claims may be dismissed, disposed of or settled, which have not been include in Exhibit “AAA”.

c. Wellbeing Digital Sciences Inc. v. Aleafia Health Inc. et al.

184. By statement of claim issued on March 14, 2022, Wellbeing Digital Sciences Inc. commenced an action in Toronto against Aleafia Parent, Canabo and Growwise seeking damages in the aggregate amount of \$3,000,000 for, *inter alia*, misrepresentation and breach of warranties and covenants under a certain asset purchase agreement and licence agreement relating to the contemplation of the purchase of medical clinics. A copy of the statement of claim is attached hereto and marked as **Exhibit “EEE”**.

C. CASH FLOW FORECAST

185. With the assistance of the Proposed Monitor, the Applicants have undertaken a cash flow analysis to determine the quantum of funding required to finance their operations, assuming the Initial Order is granted, over the 13-week period from the week ending July 27, 2023, to the week ending October 13, 2023 (the “**Cash Flow Forecast**”). I understand that the Cash Flow Forecast will be attached to the pre-filing report of the Proposed Monitor.

186. The Cash Flow Forecast indicates that the Applicants urgently require access to the DIP Loan to ensure they have sufficient liquidity to sustain operations and meet their obligations, including payroll and certain tax obligations, during the Stay of Proceedings.

VI. CHALLENGES AND LIQUIDITY ISSUES FACED BY THE APPLICANTS

A. Challenges

187. As summarized above, the Aleafia Group has faced a number of challenges which have affected its profitability and liquidity, including:

- (a) being a growing start-up company in a newly licensed industry;
- (b) federal government delays resulting in years passing before a license to grow and sell cannabis were granted;
- (c) existing customers and/or suppliers in the cannabis sector filing for CCAA protection, with anticipated rising numbers of cannabis companies needing insolvency assistance;
- (d) difficulties in: (i) growing high-quality, usable flower in a consistent manner to meet consumer demands; and (ii) procuring usable flower in sufficient quantities, quality and prices to provide for attractive margins;

- (e) facing competition from competitors with significantly more financial resources;
- (f) entering into historic poor contractual relationships, signed by predecessor management, that have since required significant adjustment and terminations;
- (g) significant capital investment to grow and repurpose properties, including establishing grow sites and developing brands;
- (h) slow introduction of retail stores for the sale of cannabis products;
- (i) a decreased interest by investors and lenders in cannabis companies due to challenges faced by the cannabis industry;
- (j) multiple changes to key executives and members of the Board;
- (k) constantly shifting roles among remaining officers and management;
- (l) declining market for medical cannabis;
- (m) taxation issues from excise duties;
- (n) low margins on the recreational product-side of cannabis companies;
- (o) extended payable terms in respect of provincial receivables;
- (p) crop failures attributable to pollinating issues and moisture; and
- (q) costs associated with defending litigation from the Claims.

188. Aleafia Group does not have sufficient liquidity to sustain operations, cannot meet obligations generally as they become due and is therefore insolvent.

B. Prior Strategic Initiatives

189. As a result of the difficulties it has faced, Aleafia Group, in consultation with its advisors, pursued a number of strategic initiatives to improve its operations and financial position, as described below:

- (a) refocusing the business on new forms of consumer package goods;

- (b) attempting the winddown of certain sites, as discussed above;
- (c) reducing headcount of employees, consultants, independent contractors and IT professionals, among others, alongside identifying inefficiencies in existing legal and finance operations and leveraging third-party providers more appropriate for the sizing of the Aleafia Group;
- (d) reallocating flower supply from bulk wholesale market to the branded adult-use and medical cannabis markets;
- (e) consolidating vendor relationships to extract economies of scale by aggregating procurement across facilities into key, trusted vendors;
- (f) strategically outsourcing certain processing activities to third-party packers;
- (g) negotiating pricing discounts based on higher volume levels;
- (h) integrating the Aleafia Group's medical clinic operations across virtual, physical and third-party platforms;
- (i) attempting to engage in portfolio optimization by focusing on best-selling products for strongest gross profit margins;
- (j) focusing on certain profitable brands;
- (k) investing in automated flower packaging technology to extract operational efficiencies and improve overhead absorption;
- (l) onboarding several strategic flower grow partners to supply usable product;
- (m) reducing operating expenses, particularly marketing and investor relations expenses;
- (n) disposing of non-core assets;
- (o) capitalizing on its intellectual property either through licensing or reviewing potential sale options;
- (p) reduction of selling, general and administrative expenses by 55% in the past calendar year; and

- (q) commencing a comprehensive M&A strategic alternatives process in August of 2022 to culminate in the sale of the Aleafia Group.

190. To accomplish these strategic initiatives, Aleafia Parent took a number of steps. The history leading up to Aleafia Group's filing is outlined below.

i. Status of Senior Loan Agreement

191. In April of 2023, relevant members of the Aleafia Group entered into an accommodation agreement with NE SPC.

192. On or about April 14, 2023, NE SPC agreed to a further extension to May 15, 2023, subject to relevant members of the Aleafia Group entering into an LOI with RWB for the purchase of the Aleafia Group.

193. On or about May 25, 2023, Aleafia Health announced via press release (copy attached hereto at **Exhibit "FFF"**) that it entered into an amendment to the terms of the Senior Loan Agreement and NE SPC agreed to forbear on enforcement until the earlier of: (a) an event of default; or (b) May 31, 2023. A copy of this amendment is attached hereto and marked as **Exhibit "GGG"**.

194. On or about June 1, 2023 NE SPC entered into a forbearance agreement which was payable until the earlier of (a) an event of default; or (b) June 5, 2023 (the "**Facility Forbearance Agreement**"). The Facility Forbearance Agreement came in light of ongoing negotiations between Aleafia Parent, NE SPC and RWB regarding a potential refinancing of the indebtedness existing under the Senior Loan Agreement. A copy of the Facility Forbearance Agreement is attached hereto and marked as **Exhibit "HHH"**.

195. On June 6, 2023, pursuant to an assignment of indebtedness and security, NE SPC assigned the Senior Loan Agreement to RWB.

196. Since the assignment, and while reserving all rights, RWB has made various accommodations including extending significant advances in excess of those otherwise permissible under the Senior Loan Agreement, and permitting the Aleafia Group to access cash in the blocked account. On or about June 23, 2023, Aleafia Parent was advised by RWB that it would be required to hold back \$500,000 as a liquidity reserve in a certain TD account. A copy of this correspondence is attached hereto at **Exhibit "III"**.

197. On or about June 29, 2023, RWB wrote to Aleafia Parent to advise it, among other things, that they were not required nor prepared to advance further funds under the Senior Loan Agreement. A copy of this correspondence is attached hereto at **Exhibit “JJJ”**.

198. On or about July 10, 2023, the Aleafia Group was given permission by RWB to transfer \$540,000 from the blocked account. As of July 23, 2023, there remains approximately \$639,000 within the blocked account.

199. On or about July 13, 2023, RWB sent an email to Aleafia Health confirming that RWB was willing to release another \$500,000 of receivables deposited in the blocked account. A copy of this email is attached hereto and marked as **Exhibit “KKK”**. This limited additional access to cash, as incorporated into the Cash Flow Forecast, enabled Aleafia Group to operate until the start of the week of July 24, 2023, as further detailed herein, although after that time, the Aleafia Group faces a pressing, urgent and devastating liquidity crisis.

200. As of the date of this Affidavit, RWB delivered demands and notices of intention to enforce security under the *Bankruptcy and Insolvency Act*, RSC 1985 c-5 (the “**BIA**”) relating to the Senior Loan Agreement (the “**Demands**” and the “**NITES**”, respectively). A copy of the Demands and NITES are attached hereto and marked as **Exhibit “LLL”**.

ii. Proposed Transaction

201. On or about June 7, 2023, Aleafia Parent announced that it had entered into a binding letter agreement on June 6, 2023 with RWB (the “**Letter Agreement**”) where RWB agreed to acquire all of the common shares of the Aleafia Group in a business combination transaction via plan of arrangement (the “**Proposed Transaction**”). A copy of the Letter Agreement is attached hereto at **Exhibit “MMM”**.

202. A copy of the joint press release issued by Aleafia Parent and RWB announcing the Proposed Transaction is attached hereto and marked as **Exhibit “NNN”**.

203. Key terms of the Proposed Transaction were as follows (terms as defined in the Letter Agreement), *inter alia*:

- (a) Each Aleafia Share would be exchanged for 0.35 of a common share in the capital of RWB (each, an “**RWB Share**”), subject to customary adjustments;

- (b) Upon the completion of the Proposed Transaction, existing RWB shareholders were expected to own approximately 76% of the entity resulting from the Proposed Transaction (the “**Combined Company**”) and shareholders of Aleafia Parent were expected to own approximately 24% of the Combined Company;
- (c) Outstanding options to purchase Aleafia Shares would be exchanged for options exercisable to acquire RWB Shares on the same terms and conditions, on the basis of the Exchange Ratio;
- (d) Outstanding restricted and deferred share units of Aleafia Parent (which would automatically vest on the change of control) would be settled upon closing in RWB Shares on the basis of the Exchange Ratio;
- (e) Debentureholders were to receive approximately \$6 million CAD in full satisfaction of amounts owing; and
- (f) In accordance with their terms, outstanding warrants to purchase Aleafia Shares would become exercisable to acquire RWB Shares on the same terms and conditions, on the basis of the Exchange Ratio.

204. The Proposed Transaction was to require the approval of: (a) (i) two-thirds of the votes cast by shareholders of Aleafia Parent, and, if required, (ii) a simple majority of the votes cast by minority shareholders of Aleafia Parent in accordance with *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions*, at a special meeting of shareholders of Aleafia Parent expected to take place in the third quarter of 2023; (b) Debentureholders of the requisite percentage of the principal amount of each series of Aleafia Convertible Debentures (as defined in the Letter Agreement); and (c) if required, RWB shareholders at a special meeting of RWB shareholders expected to take place in the third quarter of 2023.

205. The Letter Agreement also provided for parties to enter into a definitive arrangement agreement on or before July 31, 2023. Prior to entering into a definitive arrangement agreement, (i) each party was to have completed its confirmatory due diligence on the other party to its satisfaction; (ii) the Board was to have received an opinion that the consideration to be provided to Aleafia Shareholders in exchange for their Aleafia Shares was fair, from a financial point of view, to Aleafia Shareholders; (iii) the consent of 126 as lender under the 126 Loan Agreement was to have been obtained; and (iv) the waiver by RGRL as lender under the Promissory Notes to the acceleration of the maturity date was to have been obtained.

206. The Letter Agreement also contained a break fee of CAD \$2 million which would be payable in the event that the board of Aleafia Parent received and accepted a proposal superior to that contained in the Letter Agreement.

207. On or about June 13, 2023, Aleafia Parent filed a material change report summarizing the Proposed Transaction on SEDAR, a copy of which is attached hereto and marked at **Exhibit “OOO”** to this Affidavit.

208. On or about June 28, 2023, counsel to the Aleafia Group received written correspondence from counsel to the Ad Hoc Group of Aleafia Parent’s convertible Debentureholders. The correspondence advised that the Proposed Transaction, which preserved value for Aleafia Parent’s junior stakeholders but paid out the Debentureholders 15 cents on the dollar, would not be approved. A copy of this correspondence is attached hereto at **Exhibit “PPP”**.

209. Public comments were made regarding the Interested Directors’ involvement in the Proposed Transaction. As stated in the AIF dated June 29, 2023 and attached previously hereto at Exhibit “C”:

In April of 2023, Mr. Galasso and Mr. Sistiilli voluntarily recused themselves from discussions concerning the Potential Transaction involving RWB. Mr. Galasso is a Partner and the Chief Financial Officer at the Zzen Group of Companies, an affiliate of which, RGR, is the senior secured lender to RWB and also an unsecured lender to Aleafia. Mr. Sistiilli is employed by the owner of a private entity with an interest in the Credit Facility provided to Aleafia by 1260356 Ontario Limited.

210. The Aleafia Group further understands that there was some uncertainty raised by the Debentureholders regarding the terms of the Proposed Transaction. Notably, provisions of the Promissory Notes indicated that they would become payable upon a change of control transaction. However, a condition to entering into a definitive arrangement agreement was the waiver by RGRL as lender under the Promissory Notes to the acceleration of the maturity date.

211. On or about July 5, 2023, RWB wrote to Aleafia Parent to advise that despite the opposition from the Ad Hoc Group, RWB “is not prepared to adjust the total consideration reflected in the Binding Letter Agreement, nor is it willing to have a portion of the debentures remain outstanding [...] Further, we do not expect that Aleafia shareholders would agree to reduced consideration in favour of the debentureholders”. A copy of this correspondence is attached hereto at **Exhibit “QQQ”**.

212. There were several discussions among the Debentureholders, RWB and the Aleafia Group over the next two following weeks. On or about July 13, 2023, counsel to the Ad Hoc Group provided counsel to the Aleafia Group with a letter advising that they would not agree to the Proposed Transaction. I understand that a copy of this letter will be attached to the Proposed Monitor's Pre-Filing Report.

213. On July 14, 2023, RWB and Aleafia Parent publicly announced the mutual termination of the Proposed Transaction without liability or cost to either party. While Aleafia Parent had received support in writing from certain holders of the outstanding Aleafia Convertible Debentures (term as defined in the Letter Agreement), certain other holders representing more than 33 1/3% of the outstanding Aleafia Convertible Debentures, as represented by their designated representatives, failed to accept the terms. As a result, a key condition of the Proposed Transaction was not satisfied. A copy of the joint press release issued by Aleafia Parent and RWB on this topic is attached hereto and marked as **Exhibit "RRR"**.

iii. Attempts to Obtain Additional Equity/Debt Financing

214. Despite previous material initiatives in the summer of 2022 to find new money, potential strategic buyers and merger opportunities, management has been unable to find suitable equity financing options for the Aleafia Group.

215. The Applicants have also been unable to arrange additional debt financing, in part due to restrictions under existing loan documents and the conditions negotiated by the Applicants in prior restructurings that were required to avoid a similar liquidity constraint condition.

iv. Attempts to Sell Assets

216. The Aleafia Group has also made significant attempts to sell the Grimsby Property, as detailed below, but have not yet been successful in monetizing the land.

C. Sale of Grimsby Property

217. Beginning November of 2022, attempts were made by Aleafia Farms as seller to market and monetize the Grimsby Property. An agreement of purchase and sale dated June 23, 2023 was executed between Aleafia Farms and Siva Selvan on behalf of a company to be later incorporated (the "**June APS**"), with certain conditions including the provision of a monetary deposit to be provided to the brokerage on the first business day which is three days post-execution and delivery of the June APS. Despite execution of the June APS, the non-refundable deposit was not provided by the buyer to Aleafia Farms.

218. Correspondence between counsel to Aleafia Farms and counsel to the buyer has been ongoing since June 30, 2023. On or about July 6, 2023, counsel to Aleafia Farms provided formal notice to counsel to the buyer that the buyer was in default in the performance of its obligations due to its failure to deliver the non-refundable deposit. Aleafia Farms continues to evaluate its legal options in light of the June APS and will likely evaluate, pending comment from legal counsel, whether the June APS transaction should be terminated and if the Grimsby Property should be re-marketed broadly through these proposed CCAA proceedings. The Grimsby Property has been re-listed and remains on market for sale.

VII. CCAA PROCEEDINGS AND RELIEF SOUGHT

219. There is significant, urgent, and pressing need for the relief sought through CCAA protection for the Aleafia Group.

220. As indicated in the Cash Flow Forecast, without interim financing, the Applicants will be unable to operate in the ordinary course and payroll obligations will not be met, to the detriment of their stakeholders.

221. Without the benefit of a stay of proceedings the Aleafia Group will not be able to respond and address all of the above noted stakeholder issues, including litigation and potential secured creditor enforcement proceedings.

222. In consultation with their advisors, including KSV, the Applicants have determined that the CCAA process provides the most beneficial plan of action to maximize value for the Aleafia Group stakeholders.

223. After the Comeback Hearing, Aleafia Group will seek approval of a Sales Process. Aleafia Group is of the view that a court-supervised Sales Process under the CCAA will be the best value maximizing strategy in the circumstances and is in the best interests of the Aleafia Group and its stakeholders.

224. The proposed Initial Order under the CCAA is substantially in the form of the Ontario model initial order found on the Commercial List website. Key elements of the Initial Order are described below.

A. Appointment of Monitor

225. The Applicants seek the appointment of KSV as Monitor of the Applicants in these CCAA proceedings.

226. I have been advised by Noah Goldstein of KSV that KSV is a trustee within the meaning of section 2 of the BIA and is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA.

227. KSV is familiar with the operations of the Applicants, as KSV was previously engaged as a financial advisor to assess the Applicants' strategic alternatives and restructuring initiatives. The original engagement of KSV as financial advisor was made appropriately through a process run by the Board to ensure the independence of the eventual potential Monitor of these contemplated CCAA proceedings.

228. KSV has reviewed and assisted in the preparation of the Cash Flow Forecast, and has provided guidance and assistance in the commencement of these CCAA proceedings.

229. As a result, KSV has developed critical knowledge about the Applicants, their business operations, financial challenges, strategic initiatives and restructuring efforts to date.

230. KSV has not acted as the Applicants' auditor and is a licensed insolvency trustee.

231. KSV has consented to act as the Monitor, subject to Court approval. A copy of the Consent to Act as Monitor provided by KSV is attached hereto and marked as **Exhibit "SSS"**.

232. I am also advised by Mr. Goldstein of KSV that the Proposed Monitor is supportive of the relief sought herein, and that the Proposed Monitor will be filing a pre-filing report in respect of such relief.

B. DIP Loan and DIP Lender's Charge

233. As appears from the Cash Flow Forecast, the Applicants expect the need for interim financing, including during the 10-day Stay of Proceedings prior to their return to Court, to fund these CCAA proceedings.

234. To facilitate this interim period, RWB (in such capacity, the "**DIP Lender**") has agreed to fund \$6,600,000.00 to the Aleafia Group by way of the DIP Loan pursuant to terms of a DIP term sheet (the "**DIP Term Sheet**"). Attached as **Exhibit "TTT"** is a copy of the DIP Term Sheet. Amounts advanced

pursuant to the DIP Loan will be credited from the Deposit (as defined in the DIP Term Sheet) if the Court approves the relief requested at the Comeback Hearing.

235. In the two weeks prior to the initiation of this application, KSV canvassed five potential lenders for debtor-in-possession loans, including RWB. One other potential lender submitted a term sheet. In the Applicants' view, the terms of the other potential loan were similar to the terms presented above. The Aleafia Group, in consultation with their legal and financial advisors, did not believe that any third party would be able to provide the financing urgently required on significantly better terms and on the timeline required by the Applicant, than Aleafia Parent's existing senior secured creditor, and accordingly decided to select the below DIP Loan.

236. Below is a summary of the material terms of the DIP Loan:⁹

- (a) **Amount:** Up to the principal amount of \$6,600,000.00, including an initial advance in the amount of \$2,400,000.00;
- (b) **Purpose:** To fund operating costs in the ordinary course of business in accordance with the Cash Flow Forecast and restructuring costs;
- (c) **Interest:** On the principal amount of the DIP Advances (including compounded interest) from the date each such DIP Advance is made, at the rate of 12.5% per annum, compounded and calculated weekly, to be added to the principal amount on the first day of each
- (d) **Maturity Date:** The earliest of: (a) the date that is one hundred and twenty (120) days from the date of the Initial Advance (or such later date as the DIP Lender in its sole discretion may agree to in writing with the Borrower, acting reasonably); (b) the date on which (i) the stay of proceedings under the CCAA proceedings is lifted without the consent of the DIP Lender, or (ii) the CCAA proceedings are terminated for any reason; (c) the closing of a sale for all or substantially all of the assets and business, or similar transaction in respect, the Obligors pursuant to the SISP within the CCAA proceedings which has been approved by an order entered by the Court; (d) the implementation of a plan of compromise or arrangement within the CCAA proceedings which has been approved by the requisite majorities of the Obligors' creditors and by an order entered by

⁹ Terms used herein are as defined in the DIP Loan.

the Court; or (e) the conversion of the CCAA proceedings into a proceeding under the BIA.

- (e) **Fee:** The Borrower shall pay a commitment fee in the amount of \$198,000.00 (the “**Fee**”), representing 3% of the total amount available under the DIP Facility, which shall be fully earned upon the execution of this Agreement and shall be paid or otherwise satisfied on the date of issuance of the Initial Order (as defined below) by the Court;.
- (f) **Costs and Expenses:** The Borrower shall pay all reasonable and documented costs and expenses of the DIP Lender, and all reasonable and documented fees, expenses and disbursements of outside counsel, appraisers, field auditors, and any financial consultant, related to or in connection with the CCAA proceedings, including, without limitation, reasonable and documented costs and expenses incurred by the DIP Lender;
- (g) **Conditions:**
 - (i) *Conditions Precedent to the Disbursement of the Initial Advance:*
 - (A) the Obligors’ application materials in connection with their application for the issuance of the Initial Order under the CCAA (in form and substance satisfactory to the DIP Lender, acting reasonably) shall have been shared with the DIP Lender, and such application shall have been brought before the Court no later than July 25, 2023, on notice to such parties as are acceptable to the DIP Lender, acting reasonably;
 - (B) the form of Initial Order shall be satisfactory to the DIP lender, acting reasonably;
 - (C) KSV shall be appointed as Monitor;
 - (D) the Initial Order shall be executed by the Court authorizing and approving the DIP Facility and DIP Lender’s Charge in respect of the Initial Advance, and shall be in full force and effect;
 - (E) except to the extent not permitted by the CCAA, the DIP Lender’s Charge shall have priority over all Liens granted by the Obligors against the Property except for the Administrative Charge, in an aggregate

amount not to exceed \$500,000 under the Initial Order, which amount shall be increased to \$1,250,000 under the ARIO; and

(F) the Initial Cash Flow Projections shall be acceptable to the DIP Lender, in its discretion.

(ii) *Conditions Precedent to the Disbursement of DIP Advances (Other than the Initial Advance)*

(A) the Obligors' application materials in connection with their application for the ARIO shall be satisfactory to the DIP Lender, acting reasonably, and such application shall be brought before the Court no later than August 4, 2023, on notice to such parties as are acceptable to the DIP Lender, acting reasonably;

(B) the ARIO shall be issued and in full force and effect;

(C) the DIP Lender's Charge shall have priority over all Liens granted by the Obligors, other than the Administrative Charge;

(D) all amounts requested shall be consistent with Updated Cash Flow Projections, or otherwise expressly agreed by the DIP Lender in advance;

(E) terms and conditions of the SISP shall be satisfactory to the Monitor, and the DIP Lender shall be satisfied, acting reasonably, with the terms of the SISP and the SISP Order;

(F) representations and warranties shall be true and correct; and

(G) no Default or Event of Default shall have occurred or be continuing.

237. The DIP Loan is also subject to customary Default and Event of Default language, including the failure of the Borrower to pay principal or interest when due and any other breach in the observance or performance of the provisions of the DIP Loan, among others.

238. Accordingly, on or about July 24, 2023, the DIP Loan was entered into. A copy of the DIP Loan is attached hereto at **Exhibit "UUU"**).

239. As the DIP Loan will be provided by RWB, who already benefits from a security interest over the Applicants' Property, I do not expect any material prejudice to any of the other existing secured creditors of the Applicants, should the Court approve the DIP Loan and grant the DIP Lender's Charge.

240. The DIP Lender's Charge will secure all of the credit advanced under the DIP Facility. However, during the initial 10-day Stay of Proceedings, the Applicants are only authorized to borrow a maximum of \$2.4 million as evidenced by the Initial Cash Flow Projection approved by the DIP Lender. The DIP Lender's Charge will not secure any obligations incurred prior to these CCAA proceedings.

241. The Proposed Monitor has advised that it is supportive of the approval of the DIP Loan and associated charge. Accordingly, I believe that it is appropriate in these circumstances for the Court to approve the DIP Loan and grant the associated charge.

C. Stay of Proceedings

242. As referenced above, the Applicants will run out cash and be unable to meet their obligations as they become due in the very short term. Demands and NITES have also been delivered by RWB to the relevant Aleafia Group entities.

243. Given the challenges faced by the Applicants described herein, Aleafia Group requires a stay of proceedings to maintain the *status quo* and to give the Applicants the breathing space they require to develop a Sales Process in consultation with their advisors and the Monitor.

244. The proposed Initial Order contemplates a stay of proceedings for a period of 10 days, which I understand is the maximum that can be authorized by a court at the initial application under the CCAA.

245. As set out in the Cash Flow Forecast attached at **Exhibit "VVV"**, I understand that the Applicants expect that, with the funds to be advanced under the DIP Loan, they will have sufficient cash to operate until the end of the initial requested 10-day stay period. The Applicants, therefore, request the Stay of Proceedings for an initial period of ten days, and, if granted by this Court, the Applicants will subsequently request an extension of the Stay of Proceedings at the Comeback Hearing.

246. In addition to the Stay of Proceedings against the Applicants and their Property, the Applicants are seeking a stay of proceedings against the directors and officers of the Aleafia Group to ensure that they are able to focus their efforts on the Applicants' restructuring efforts and to prevent creditors and others from seeking to do indirectly what they cannot do directly by asserting claims or other relief relating to the debts and obligations of the Applicants against the directors and officers.

D. Administration Charge

247. It is contemplated that a Court-ordered charge over the Property (as defined in the Initial Order) would be granted in favour of the Monitor, counsel to the Monitor and counsel to the Applicants (the “**Administration Professionals**”), to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order (the “**Administration Charge**”).

248. The proposed Administration Charge being sought pursuant to the Initial Order is for a maximum amount of \$500,000.00.

249. In preparation of the Cash Flow Forecast, the Applicants, in consultation with the Proposed Monitor, considered the professional fees forecasted to be incurred on a weekly basis during the cash flow period. Until the week of the Comeback Hearing (Week 2), the Applicants forecast to incur significant professional fees (including retainers) in connection with the CCAA proceedings, such as preparing for the Comeback Hearing, communicating with employees and stakeholders following the initial filing, developing a Sales Process and complying with statutory notices, mailings and communications.

250. Accordingly, I believe the quantum of the Administration Charge sought is reasonably necessary at this time to secure the professional fees of the Administration Professionals for the applicable period.

251. All of Administration Professionals have contributed, and will continue to contribute, to the Applicants’ restructuring efforts.

252. The Applicants, in consultation with the Monitor, and their respective advisors, will seek an increase to the Administration Charge at the Comeback Hearing.

E. Directors’ Charge

253. It is contemplated pursuant to the proposed Initial Order that the Applicants’ directors and officers would be granted a Court-ordered Directors’ Charge on the Property, up to a maximum amount of \$835,000.00.

254. The Directors’ Charge is intended to address potential claims that may be brought against directors and officers. The Applicants’ ordinary course operations give rise to potential director liability, including on account of payroll obligations and sales taxes.

255. It is my understanding that the Applicants’ present and former directors and officers are among the potential beneficiaries under various liability insurance policies. However, I understand from legal

counsel to the Aleafia Group that these policies may have various exceptions, exclusions and carve-outs, and may not provide sufficient coverage against potential liability that may be incurred during potential CCAA proceedings.

256. The Directors' Charge is therefore crucial to the continued involvement of the Applicants' directors and officers during the CCAA proceeding to provide them with certainty regarding their personal liability. These directors and officers have skills, knowledge and expertise, as well as established relationships with various stakeholders, that are critical to a successful restructuring.

257. The quantum of the Directors' Charge was developed with the assistance and support of the Proposed Monitor taking into account the anticipated payroll, sales tax and other exposures that give rise to director liability for the applicable period.

258. The Applicants are of the view that the quantum of the Directors' Charge is reasonably necessary at this time to address circumstances that could lead to potential directors' liability prior to the Comeback Hearing.

259. The Applicants, in consultation with the Monitor, and their respective advisors, will seek an increase to the Directors' Charge at the Comeback Hearing.

F. Critical Payments

260. The Applicants seek the authority to make certain payments with respect to goods and/or services supplied to the Applicants both before and after the date of the Initial Order, where the supplier or vendor of such goods or services is necessary for the stable operation or preservation of the Applicants' Business or Property (as defined in the Initial Order) up to a maximum aggregate amount of \$500,000.00, and subject to the terms of the DIP Loan. The proposed Initial Order contemplates that any such payments will be made in consultation with the Proposed Monitor and in order to be paid, require the Proposed Monitor's consent. I understand that the Monitor is supportive of this relief and commented on the cap amount associated with the critical payment amount in their pre-filing report.

G. Approval of Cash Management System

261. Given the nature and scale of the Aleafia Group's operations through the Cash Management System, the continued use of the existing Cash Management System is required and appropriate during these CCAA proceedings. I understand that the Proposed Monitor is also supportive of this relief.

H. Relief to be Sought at Comeback Hearing

262. If the Initial Order is granted, the Applicants propose to return to this Court for a Comeback Hearing.

263. At the Comeback Hearing, the Applicants intend to seek the Court's approval of an Amended and Restated Initial Order. For the benefit of this Court and the Applicants' stakeholders, this section highlights critical relief that the Applicants intend to seek at the Comeback Hearing. The Applicants may seek additional relief if determined to be necessary or advisable.

i. Extension of Stay of Proceedings

264. The Applicants intend to seek an extension of the Stay of Proceedings for a sufficient length of time to allow the Applicants to complete the Sales Process without having to incur additional costs during that process to return to Court to seek a further extension of the stay of proceedings.

ii. Increase to Charges

265. The Applicants intend to seek to increase the quantum of the Administration Charge, Directors' Charge and DIP Lender's Charge over all other encumbrances. In accordance with the CCAA, parties affected by this relief will be served with the Notice of Application in advance of the Comeback Hearing.

266. In addition, the Applicants will also seek appropriate priming of the Charges at the Comeback Hearing, with notice given to all secured parties at that time.

iii. Relief Relating to Securities Filings and AGM

267. As a result of this CCAA application, at the Comeback Hearing, Aleafia Parent will likely seek to be relieved of any obligation to call and hold the AGM until further Order of this Court.

268. I understand from counsel to the Aleafia Group that it is not uncommon for this type of relief to be sought and obtained in insolvency proceedings in Canada involving Applicants of this nature and, accordingly, I believe it to be reasonable in this instance as well given the status of the Aleafia Group and its intention to pursue a Court-supervised SISP and/or restructuring.

269. In addition, if the Initial Order is granted, at the Comeback Motion, the Applicants will likely seek authorization to dispense with certain securities filing requirements. In particular, the Applicants seek authorization for the Applicants to incur no further expenses in relation to any filings (including

financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the “**Securities Filings**”) that may be required by any federal, provincial, or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including without limitation, the *Securities Act* (Ontario), and comparable statutes enacted by other provinces of Canada, and other rules, regulations and policies of the TSX. Such relief will be on notice to the applicable regulatory body.

270. In my view, incurring the time and costs associated with preparing the Securities Filings will detract from the Applicants’ successful restructuring. Further, there is no prejudice to stakeholders given that detailed financial information and other information regarding the Applicants will continue to be made publicly available through the materials filed in these CCAA proceedings.

I. Relief Sought After Comeback Hearing

i. Sales Process

271. After the Comeback Hearing, the Aleafia Group likely intends to return to this Court to seek approval of the SISP, which will give certainty to employees, customers, regulators, suppliers and stakeholders that the Aleafia Group will continue as a going concern when the Sales Process concludes.

272. The terms of the SISP is likely to be detailed in a separate report of the Proposed Monitor, or alternately within a supplemental affidavit, to be sworn.

273. RWB has informed Aleafia Parent and the Proposed Monitor that it is considering making an offer to purchase all or certain of the assets of the Aleafia Group in the context of the SISP.

J. Relief Sought

274. For the reasons set out herein, the Aleafia Group respectfully requests this Court grant the Initial Order.

VIII. CONCLUSION

275. In the circumstances, I believe that the CCAA proceedings are the only viable means of restructuring the Applicants’ business and operations for the benefit of their stakeholders and the relief sought in the Initial Order is limited to what is reasonably necessary to stabilize the Applicants’ business in the initial ten (10) day period.

276. The Applicants, with the assistance of their legal and financial advisors, have determined that the proposed CCAA proceedings represent the best available strategy to maximize value for Aleafia Group's stakeholders.

SWORN BEFORE ME over video teleconference this 24th day of July, 2023 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Toronto in the Province of Ontario, while the Commissioner was located in the City of Toronto in the Province of Ontario.



DocuSigned by:
Samantha Hans

402BBD39540540A

DocuSigned by:
Patricia Symmes-Rizakos

04B98568EC0C42B

PATRICIA SYMMES-RIZAKOS

A Commissioner for taking Affidavits (*or as may be*)

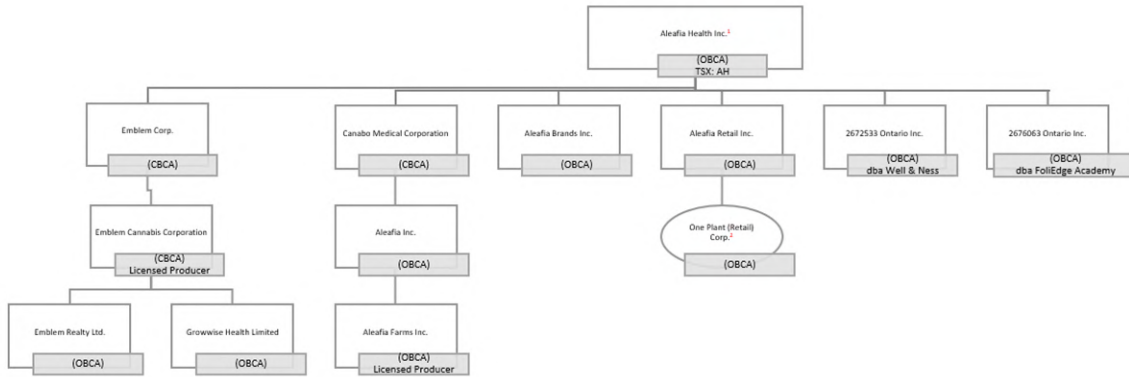
SAMANTHA HANS (LSO#: 84737H)

This is Exhibit "A" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

Exhibit “A”



Notes:

1. All subsidiaries are 100% controlled by the parent entity unless otherwise stated.
2. Aleafia Retail Inc. less than 10% of One Plant (Retail) Corp.

This is Exhibit "B" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits

Outstanding Securities – Aleafia Health

Security (Definitions Below)	Current Number/Principal Amount Outstanding	Other Facts
Common Shares	403,366,016	Listed on the TSX under the symbol “AH” and on the OTCQB
Convertible Debentures	\$13,435,211 principal amount of Series A \$13,435,211 principal amount of Series B \$16,031,609 principal amount of Series C	Listed on the TSX under the symbols AH.DB.A, AH.DB.B and AH.DB.C., respectively.
August 2021 Warrants	690,217	Unlisted
June 2022 Warrants	34,075,758	Unlisted
DSUs	12,082,004	
RSUs	1,715,000	
Options	49,532,190	

Defined Terms:

“**August 2021 Warrants**” means the outstanding warrants to purchase Common Shares issued under the warrant certificate dated August 20, 2021 exercisable prior to 5:00 p.m. (Toronto time) on August 20, 2023, at a purchase price of \$0.32 per Common Share.

“**Common Shares**” means the common shares in the capital of Aleafia.

“**Convertible Debentures**” means the outstanding debentures issued under the amended and restated debenture indenture providing for the issue of secured convertible debentures dated as of June 27, 2022 between Aleafia and Computershare Trust Company of Canada, as the trustee, as supplemented by:

- (a) the first supplemental indenture dated as of June 27, 2022 (providing for the issue of 8.50% Series A Secured Convertible Debentures Due June 30, 2024),
- (b) the second supplemental indenture dated as of June 27, 2022 (providing for the issue of 8.50% Series B Secured Convertible Debentures Due June 30, 2026), and
- (c) the first supplemental indenture dated as of June 27, 2022 (providing for the issue of 8.50% Series C Secured Convertible Debentures Due June 30, 2028);

Outstanding Securities – Aleafia Health

“DSUs” means the outstanding deferred share units to purchase Common Shares issued pursuant to the deferred share unit plan for directors approved by Common Shareholders on June 30, 202;

“June 2022 Warrants” means the outstanding warrants to purchase Common Shares issued under the warrant certificates dated as of June 24, 2022 exercisable prior to 5:00 p.m. (Toronto time) on June 24, 2026, at a purchase price of \$0.1025 per Common Share.

“Options” means the outstanding options to purchase Common Shares issued pursuant to amended and restated stock option plan approved by the shareholders of Aleafia on June 17, 2019, as further amended effective June 30, 2020;

“RSUs” means the outstanding restricted share units to purchase Common Shares issued pursuant to the amended and restated restricted share unit plan approved by the shareholders of Aleafia on June 30, 2020;

This is Exhibit "C" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Simeon K...", is written above a horizontal line.

Commissioner for Taking Affidavits



**ALEAFIA HEALTH INC.
CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)
For the Year Ended March 31, 2023 and 2022

AleafiaHealth.com

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Aleafia Health Inc.:

The accompanying consolidated financial statements of Aleafia Health Inc. and its subsidiaries (the "Company") were prepared by management, which is responsible for the integrity and fairness of the information presented, including the many amounts that out of necessity are based on estimates and judgements. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

In fulfilling its responsibilities, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of these consolidated financial statements.

The Board of Directors oversees the responsibilities of management for financial reporting through an Audit Committee, which is composed entirely of independent directors. This Audit Committee reviews the consolidated financial statements and recommends them to the Board of Directors for approval. They meet regularly with management to review internal control procedures and advise directors on accounting matters and financial reporting issues.

"Tricia Symmes"

Patricia Symmes-Rizakos
Chief Executive Officer

"Matthew Sale"

Matthew Sale
Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Aleafia Health, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Aleafia Health Inc. and its subsidiaries (collectively, the "Company"), which comprise the consolidated statement of financial position as at March 31, 2023 and 2022 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the 12-month and 15-month periods then ended, respectively, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2023 and 2022, and its consolidated financial performance and cash flows for the 12-month and 15-month periods then ended, respectively, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(c) in the consolidated financial statements, which indicates that the Company had an accumulated deficit of \$527.8 million and net working capital deficit of \$5.4 million as at March 31, 2023. These events or conditions, along with other matters as set forth in Note 2(c), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2023. The matter discussed below was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. The key audit matter to be communicated in our auditors' report is as follows:

Valuation of biological assets and cannabis inventory

We draw attention to Notes 2(f), 2(j), 7 and 8 to the consolidated financial statements. Biological assets are measured at fair value less cost to sell at the stage of completion. The Company values inventories of harvested bulk cannabis and finished goods at the lower of cost and net realizable value.

In estimating the fair value of biological assets, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, average yield per plant, harvesting costs, selling costs, selling price, and the allocation of indirect costs, which form part of the standard cost per gram to complete production. In calculating final inventory values, management is required to

determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value.

We identified measurement of the fair value of biological assets and net realizable value of cannabis inventory as key audit matters as a high degree of auditor judgment was required to evaluate the significant assumptions and estimates made by management.

Our audit response to the key audit matter was as follows:

- We performed sensitivity analyses over the Company's significant assumptions used to determine the fair value of biological assets to assess the impact of changes in those assumptions on the Company's determination of fair value.
- We tested the stage of growth by observing the plants at year-end.
- We tested the average expected yield per plant by comparing actual results of the current year to historical results of operations.
- We tested the average selling price per gram by comparing to estimates used by management to actual sales prices per gram in actual sales transaction during and subsequent to year-end.
- We also tested the net realizable value of inventory by comparing the carrying value of inventory to the prices earned from sales transactions near and subsequent to year-end.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management's Discussion and Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion on thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Christopher Hiestand.

Accell Audit & Compliance, PA

Tampa, Florida
June 13, 2023

ALEAFIA HEALTH INC.**Consolidated Statements of Financial Position**

As at March 31, 2023 and 2022

(Amounts reflected in thousands of Canadian dollars)

	Notes	March 31, 2023	March 31, 2022
		\$	\$
ASSETS			
Current			
Cash		465	1,347
Restricted cash		162	222
Marketable securities	3	70	1,190
Trade and other receivables, net	19	4,275	7,751
Net tax receivable	9	-	530
Prepays and deposits		1,867	2,952
Inventory, net	7	16,605	21,664
Biological assets	8	2,404	1,179
		25,848	36,835
Assets held for sale	22	10,000	-
Non-current			
Property, plant, and equipment, net	6	20,406	40,448
Right-of-use assets	5	1,280	1,844
Investments	4	2,391	2,391
		24,077	44,683
TOTAL ASSETS		59,925	81,518
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	9,238	23,999
Net tax payable	9	8,886	-
Lease liability	5	260	522
Credit facility	11	12,882	12,073
Convertible debt	13	-	36,401
		31,266	72,995
Liabilities held for sale	22	4,375	-
Non-current			
Lease liability	5	1,596	1,833
Convertible debt	13	27,172	-
Credit facility	11	-	5,075
Promissory notes	12	4,429	-
		33,197	6,908
TOTAL LIABILITIES		68,838	79,903
SHAREHOLDERS' EQUITY			
Share capital	14	408,674	404,341
Contributed surplus		110,223	90,477
Deficit		(527,810)	(493,203)
		(8,913)	1,615
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		59,925	81,518

COMMITMENTS AND CONTINGENCIES (Note 20)

GOING CONCERN (Note 2)

The accompanying notes are an integral part of these Consolidated Financial Statements.

Approved and authorized for issue on behalf of the board on June 13, 2023.

"David Pasioka"
David Pasioka, Chairman

"Lu Galasso"
Lu Galasso, Director

ALEAFIA HEALTH INC.**Consolidated Statements of Profit or Loss and Comprehensive Profit or Loss**

For the twelve months ended March 31, 2023 and fifteen months ended March 31, 2022

(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

	Notes	March 31, 2023	March 31, 2022
		\$	\$
Revenue		57,361	53,813
Excise taxes		14,514	10,691
Net revenue		42,847	43,122
Cost of sales		28,651	33,965
Gross profit before fair value adjustment		14,196	9,157
Fair value changes in biological assets and changes in inventory sold	8	1,019	(1,453)
Inventory provision	7	(9,216)	(19,648)
Gross profit (loss)		5,999	(11,944)
Operating expenses			
Selling, general and administrative expenses	15	18,221	34,127
Amortization and depreciation expense	5,6	3,373	9,468
Share-based compensation expense	14,16	1,944	2,899
Restructuring costs		397	-
Business transaction costs		502	5,026
Bad debt expense	19	217	1,868
		24,654	53,388
Other expenses (income)			
Interest expense		9,357	10,787
Fair value adjustments through profit and loss	2	1,108	15,505
Gain on marketable securities		-	-
Impairment of property, plant and equipment	6	5,578	28,800
Impairment of goodwill		-	11,314
Impairment of intangible assets		-	53,093
Gain on sale of assets		(91)	(12,092)
Other non-operating expenses		-	(18)
		15,952	107,389
Net loss before income taxes		(34,607)	(172,721)
Income tax			
Current income tax expense (recovery)		-	-
Deferred income tax expense (recovery)		-	(2,854)
Net loss and comprehensive loss		(34,607)	(169,867)
Net loss per share, basic and diluted	17	(0.09)	(0.52)
Weighted average common shares outstanding		386,358,769	327,012,541

The accompanying notes are an integral part of these consolidated financial statements.

ALEAFIA HEALTH INC.

Consolidated Statements of Changes in Shareholders' Equity

For the twelve months ended March 31, 2023 and fifteen months ended March 31, 2022

(Amounts reflected in thousands of Canadian dollars, except share and warrant amounts)

	Number of Shares	Common Shares	Contributed Surplus	Deficit	Total
	#	\$	\$	\$	\$
Balances, December 31, 2020	301,269,686	384,265	85,025	(323,336)	145,954
Issuance of common shares	27,777,500	18,894	3,836	-	22,730
Share issuance costs	-	(1,751)	37	-	(1,714)
Shares issued under stock option plan	781,250	959	(334)	-	625
Shares issued under deferred share unit plan	89,709	96	-	-	96
Shares issued from warrants issued	1,050,890	1,719	(958)	-	761
Restricted share units issued/released	155,316	159	(159)	-	-
Warrants issued	-	-	131	-	131
Share-based compensation expense	-	-	2,899	-	2,899
Net loss for the period	-	-	-	(169,867)	(169,867)
Balances, March 31, 2022	331,124,351	404,341	90,477	(493,203)	1,615

	Number of Shares	Common Shares	Contributed Surplus	Deficit	Total
	#	\$	\$	\$	\$
Balances, March 31, 2022	331,124,351	404,341	90,477	(493,203)	1,615
Share issuance costs	-	(1,511)	-	-	(1,511)
Shares issued under private placement	71,559,015	5,623	-	-	5,623
Shares issued under deferred share unit plan	24,816	152	-	-	152
Shares issued from conversion of convertible debentures	204,761	15	-	-	15
Equity portion of debt issuance	-	-	16,047	-	16,047
Restricted share units issued/released	250,983	54	(54)	-	-
Warrants issued	-	-	1,352	-	1,352
Share-based compensation expense	-	-	2,401	-	2,401
Net loss for the period	-	-	-	(34,607)	(34,607)
Balances, March 31, 2023	403,163,926	408,674	110,223	(527,810)	(8,913)

The accompanying notes are an integral part of these consolidated financial statements.

ALEAFIA HEALTH INC.

Consolidated Statements of Cash Flows

For the twelve months ended March 31, 2023 and fifteen months ended March 31, 2022
(Amounts reflected in thousands of Canadian dollars)

	2023	2022
	\$	\$
Operating activities		
Net profit (loss) for the period	(34,607)	(169,867)
Adjustments for non-cash items:		
Depreciation expense	6,565	10,446
Amortization expense	-	1,621
Share-based compensation expense	2,401	2,899
Interest expense	9,357	10,787
Bad debt expense	217	1,868
Fair value adjustments through profit and loss	1,108	15,505
Fair value changes in biological assets and changes in inventory sold	(1,019)	1,453
Gain on sale of property, plant and equipment	(91)	(12,092)
Impairment of property, plant and equipment	5,578	28,800
Impairment of intangible assets	-	53,093
Impairment of goodwill	-	11,314
Deferred income tax recovery	-	(2,854)
Inventory provision	9,216	19,648
	(1,275)	(27,379)
Changes in operating working capital:		
Trade and other receivables	1,259	(3,931)
Prepays and deposits	1,085	1,288
Inventory	(4,157)	(12,236)
Biological assets	(206)	869
Accounts payable and accrued liabilities	(9,600)	9,247
Net tax payable (receivable)	9,416	-
Net cash used in operating activities	(3,478)	(32,142)
Investing activities		
Proceeds from sale of property, plant, and equipment	227	-
Acquisition of property, plant, and equipment	(1,654)	(4,659)
Net cash used in investing activities	(1,427)	(4,659)
Financing activities		
Lease liability payments	(914)	(1,349)
Interest payments	(2,035)	(4,076)
Repayment of convertible debt	-	(25,650)
Borrowing from (repayment to) credit facility	(2,289)	16,418
Proceeds from issuance of promissory notes	4,500	-
Proceeds from the issuance of common shares	5,623	21,112
Warrants and stock options exercised	-	1,386
Conversion of convertible debt into equity	(286)	-
Debt issuance cost	(636)	-
Net cash provided by financing activities	3,963	7,841
Change in cash	(942)	(28,960)
Cash and restricted cash, beginning of period	1,569	30,529
Cash and restricted cash, end of period	627	1,569

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 Nature of Operations

The Company is a publicly traded corporation incorporated under the laws of Ontario. Aleafia Health's head and registered office is currently located at 85 Basaltic Road, Concord, Ontario, and its corporate website is www.AleafiaHealth.com.

The Company is a federally licensed Canadian cannabis company offering cannabis products in Canada and destined for international markets, including Australia and Germany. The Company operates a virtual medical cannabis clinic staffed by physicians and nurse practitioners which provide health and wellness services across Canada.

The Company operates three licensed cannabis production facilities all in the province of Ontario, including the largest, outdoor cannabis cultivation facility in Canada. The Company produces a diverse portfolio of cannabis and cannabis derivative products including pre-roll, milled, dried flower, vapes, oils, capsules, edibles, sublingual strips, and topicals, for sale in Canada in the medical and adult-use markets, and in select international jurisdictions.

The common shares of the Company commenced trading on the Toronto Stock Exchange ("TSX") (symbol "AH"), on May 27, 2020.

Note 2 Significant Accounting Policies and Judgments

IFRS requires management to make judgments, estimates, and assumptions that affect the carrying values of certain assets and liabilities and the reported amounts of income and expenses during the period. Actual results may differ from these judgments, estimates, and assumptions.

Significant accounting policies, which affect the consolidated financial statements as a whole, as well as key accounting estimates and areas of significant judgment are highlighted in this section. This note also describes change in accounting policies, new accounting standards, which have been adopted during 2023, and new accounting pronouncements, which are not yet effective but are expected to impact the Company's consolidated financial statements in the future. Accounting policies, estimates, or judgments that have a significant effect on the amounts recognized in the financial statements include the valuation of investments (Note 4), estimated useful lives of property, plant and equipment (Note 6), inventory (Note 7), biological assets (Note 8), convertible debentures (Note 13), share-based compensation (Note 14), and the fair value of financial instruments (Note 19).

a) Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC").

The Company's consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The amounts in the tables are expressed in Canadian dollars and rounded to the nearest thousand, unless otherwise stated.

The consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on June 13, 2023.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, which are entities controlled by the Company. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Such control is generally evidenced through ownership of more than 50% of the voting rights or through contractual arrangements. All intercompany transactions and balances have been eliminated. All subsidiaries, except for the holding companies and the inactive

subsidiaries, are actively engaged in carrying out the Company's business in the normal course and are domiciled in Canada.

The Company's subsidiaries during the year ended March 31, 2023 are as follows:

	Operating Status	Percentage Ownership
Aleafia Inc.	Active	100%
Canabo Medical Corporation ("Canabo")	Active	100%
Aleafia Farms Inc. ("Aleafia Farm")	Active	100%
Emblem Corp. ("Emblem")	Active	100%
Emblem Cannabis Corporation ("ECC")	Active	100%
GrowWise Health Limited ("GrowWise")	Active	100%
Emblem Realty Ltd. ("Emblem Realty")	Inactive	100%
Aleafia Brands Inc.	Inactive	100%
Aleafia Retail Inc.	Inactive	100%
2672533 Ontario Inc.	Inactive	100%
2676063 Ontario Inc.	Inactive	100%

c) Going concern assumption

The consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future.

The Company has experienced recurring losses, has a cumulative deficit of \$527,810 (March 31, 2022 – \$493,203) and net working capital deficit of \$5,418 (March 31, 2022 – deficiency of \$36,160). These factors indicate that there are material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on its ability to achieve profitable operations and/or raise equity or debt financing. There is no assurance that any necessary future financing will be sufficient to sustain operations until such time that the Company can generate sufficiently profitable operations to support its requirements.

The consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern, such adjustments could be material.

The proposed business combination transaction with Red White & Bloom Brands Inc. ("RWB"), along with the related subsequent events as described in Note 25, have the potential to significantly affect the Company's ability to continue as a going concern. Please refer to Note 25 for more details regarding this subsequent event.

The Company's objectives when managing its liquidity and capital resources are to ensure sufficient liquidity to meet its financial obligations and execute its operating and strategic plans for at least the next twelve months. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. The Company manages liquidity risk by exploring new debt and equity financing options, reviewing its capital structure to optimize the cost of capital, maintaining the continuity of equity and debt funding options, managing its non-cash current assets to ensure the timely conversion to cash, optimizing its fixed assets which in certain instances includes monetizing, and putting plans in place to meet its financial obligations as they come due.

The Company has multiple options which could potentially meet liquidity needs including converting its non-cash working capital to cash, selling non-core assets, issuing common shares via a public or private placement equity offering, and new debt financing options.

The Company's ability to meet its commitments to sustain operations and settle its obligations as they become due within the next twelve months and its exposure to liquidity risk is dependent on the Company's ability to:

- Realize cash flow from operations which is subject to significant judgements and estimates, the most significant of which is the Company's sales projections and its ability to realize its assets and discharge its liabilities in the normal course of business
- Remain in compliance with its credit facilities and convertible debenture covenants; and
- Raise additional debt and equity financing.

While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to obtain sufficient financing in the future on terms favourable for the Company.

d) COVID-19 estimation uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus ("COVID-19"), a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, continued to disrupt the Company's operations during the year ended March 31, 2023.

The production and sale of cannabis and cannabis-derived products have been recognized as essential services across Canada; however, COVID-19 related challenges have persisted, including, but not limited to, reduced staffing levels, production inefficiencies resulting from increased health and safety measures, and supply chain issues.

Due to the ongoing developments and uncertainty surrounding COVID-19, it is not possible to predict the continuing impact that COVID-19 will have on the Company, its financial position, and/or its operating results in the future. In addition, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19, and the effect of any such changes could be material. The Company is closely monitoring the impact of COVID-19 on all aspects of its business.

e) Cash and cash equivalents

Cash in the consolidated statements of financial position is comprised of cash in banks and on hand, and short-term deposits which are readily convertible into a known amount of cash and are subject to insignificant risk with respect to its value and liquidity.

f) Restricted cash

Restricted cash includes cash held as collateral against certain bank credit card facilities. It also includes Canadian bank issued preferred shares, which is subject to trading restrictions that are greater than 90 days.

g) Biological assets

The Company measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are recognized in the consolidated statements of loss and comprehensive loss. The Company capitalizes all the direct

and indirect costs as incurred related to the transformation of biological assets between the initial planting to the point of harvest including labour, labour related, fertilizer, utilities and facility costs and amortization of related production equipment. Seeds are measured at fair market value. Upon harvest, the fair value adjustments including all the capitalized costs are transferred from biological assets to inventory and form the cost basis of the inventory.

h) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining market prices. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is evidence of an increase in selling price, then the amount of the write-down previously recorded is reversed.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase include the purchase price, non-recoverable taxes, and transport, handling and other costs directly attributable to the acquisition of finished goods, materials or services. The costs of conversion include direct material and labour costs, and a systematic allocation of fixed and variable overheads incurred in converting materials into finished goods.

The Company's inventories include harvested bulk cannabis and finished goods, which are valued at the lower of cost and net realizable value. Harvested cannabis is initially recorded at fair value less costs to sell at the point of harvest, which becomes the inventory's cost. This fair value includes capitalized costs and unrealized fair value adjustments. Any subsequent post-harvest costs are capitalized to inventory to the extent that they are less than the net realizable value. The cost of fertilizers and nutrients includes the costs of purchases net of vendor allowances and other costs, such as transportation, that are directly incurred to bring the inventories to their present location and condition. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Storage costs, indirect administrative overhead, and certain other selling costs related to inventories are expensed in the period incurred.

i) Property, plant, and equipment

All items of property, plant and equipment are stated at historical cost, less any accumulated depreciation and any accumulated impairment losses. Historical cost includes all costs directly attributable to the acquisition.

Land is not depreciated. Depreciation of other items of property, plant and equipment is calculated on components that have homogeneous useful lives by using the straight-line method or declining balance method to depreciate the initial cost down to the residual value over their estimated useful lives, as follows:

Computer equipment and software	30% on a declining basis
Office furniture and equipment	20% on a declining basis
Buildings	25 years on a straight-line basis
Leasehold improvements	Straight-line over the remaining term of the lease

Useful lives, residual values and depreciation methods are reviewed at each year-end. Such a review takes into consideration the nature of the assets, their intended use and technological changes.

Gains or losses on disposals are determined as the difference between the proceeds and the carrying amount and

are recognized in "Other expenses (income)" in the consolidated statements of loss and comprehensive loss.

j) Leases

The Company leases some items of property, plant and equipment.

As is permitted under IFRS 16, the Company elected to expense its short-term leases (term of 12 months or less) and leases of low-value assets on a straight-line basis over the lease term.

For its other contracts, the Company assesses whether its new or amended contracts contain a lease.

A lease represents the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company assesses the following to determine whether a contract conveys the right to control the use of an identified asset:

- The identified asset is directly or indirectly specified in the contract, or it represents substantially all of the capacity of a physically distinct asset.
- The right of use covers substantially all of the economic benefits from the use of the identified asset for a period of time.
- The Company has the right to direct the use of the identified asset. In cases where the use is predetermined, the Company operates the asset or designed it in a way that predetermines how and for what purpose the asset will be used.

When a lease is identified, the Company allocates the consideration in the contract to each of the lease components, separately from the non-lease components, on the basis of their relative stand-alone price. However, as is permitted under IFRS 16, the Company elected to account for all contracts of land and buildings it occupies as leases.

A right-of-use asset (a "lease asset") and a lease liability are recognized in the statement of financial position at the lease commencement date.

k) Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease [i.e., the date the underlying asset is available for use]. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment.

l) Lease obligation

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

m) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting period. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from contributed surplus.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price on the date of issuance. As these awards can be settled in cash, the expense and liability are adjusted each reporting year for changes in the underlying share price.

n) Provisions

Provisions are recognized when it is probable that the Company is required to settle an obligation (legal or constructive), as a result of a past event, and the obligation can be reliably estimated. The provision represents the Company's best estimate of the amounts required to settle the obligation at the end of the reporting year. When a provision is determined using the expected cash flow method, the carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the amounts required to settle a provision are expected to be recoverable from a third party, a receivable is recognized when it is virtually certain reimbursement is receivable and the expected reimbursement can be reliably measured.

o) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

p) Income taxes

Current income taxes are the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted, and includes any adjustments to tax payable or receivable in respect of previous years. Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of the statements of financial position. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

q) Financial instruments

Financial assets and liabilities are initially measured at fair value. In the case of a financial asset not at fair value through profit and loss (“FVTPL”) transaction costs are included in the carry amount of the asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statements of loss and comprehensive loss. Financial assets are subsequently measured at:

- a. FVTPL
- b. Amortized cost
- c. Fair value through other comprehensive income (“FVOCI”)
- d. Equity instruments designated at FVOCI; or
- e. Financial instruments designated at FVTPL

Financial liabilities are subsequently measured at:

- f. FVTPL
- g. Amortized cost

The classification is based on whether the contractual cash flow characteristics represent “solely payment of principal and interest” as well as the business model under which the financial assets are managed. Financial liabilities held by the Company are initially measured at fair value and subsequently measured at amortized cost.

r) Impairment of non-financial assets

The carrying amounts of the Company’s non-financial assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or “CGU”). The recoverable amount of an asset or a CGU is the higher of its fair value, less cost to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

s) Impairment of financial assets

The Company assesses, on a forward-looking basis, the expected credit losses associated with its financial instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether the asset originated from a contract that is in the scope of IFRS 15 - Revenue from Contracts with Customers (IFRS 15) or if there have been significant increases in credit risk.

Accounts receivable - For accounts receivable and contract assets, the Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9 - Financial Instruments (IFRS 9), which requires the use of the lifetime expected loss provision for all accounts receivable and contract assets within the scope of IFRS 15. The Company has established a provision based on the Company’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash equivalents - For cash equivalents and short-term investments at amortized cost, the Company applies the general approach to providing for expected credit losses. These instruments are considered to be low credit risk, and

therefore, the impairment provision is determined using a 12-month expected credit loss basis.

t) Segment reporting

IFRS 8 - Operating Segments requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to the segment and to assessing its performance. The Company has one reportable segment, the cultivation of cannabis plants, and production and sale of cannabis flower, extracts and other derivatives, all of which supply four different sales channels: adult use, medical, international and wholesale.

u) Revenue recognition

The Company derives revenue primarily from the sale of cannabis and cannabis products. Revenue is recognized upon transfer of control of the promised goods and services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Performance obligations are satisfied, and revenue is recognized, either over time or at a point in time. Certain activities may give rise to deferred revenue, which are contract liabilities under IFRS 15 and relate to payments received in advance of performance under contracts with customers. Contract liabilities are recognized as revenue as (or when) the Company satisfies its performance obligations under the contracts.

Under bill-and-hold arrangements – whereby the Company bills a customer for product to be delivered at a later date – control typically transfers when the product is still in the Company’s physical possession, and title and risk of loss has passed to the customer. Revenue is recognized when all specific requirements for transfer of control under a bill-and-hold arrangement have been met. There are no bill and hold arrangements as at March 31, 2023.

The provision for sales returns is an estimate used in the recognition of revenue in connection with contract liabilities identified in contracts with customers. The Company has a return policy that allows wholesalers to return product within a specified period prior to, and subsequent to, the expiration date. Provisions for returns are recognized in the period in which the underlying sales are recognized, as a reduction of product sales revenue. The Company estimates provisions for returns based upon historical data to determine return percentages and current market conditions, representing management’s best estimate. Historical experience may not always be an accurate indicator of future returns, and therefore the Company continually monitors return provisions and adjusts when it believes that actual product returns may differ from amounts recorded.

Amounts disclosed as net revenue are net of sales tax, duty tax, allowances, returns provision, price adjustments, discounts and rebates.

Sale of cannabis: Revenue from the sale of cannabis is recognized when the Company transfers control to the customer upon delivery or the time of the product pickup from the Company’s facilities by the customer based on the contract-by-contract basis between the Company and the customer, or in the case of bill-and-hold arrangements, when specific requirements have been met.

Medical consultation: The Company provides medical services to patients on a scheduled appointment fixed fee basis. Performance of the service is considered complete at the conclusion of the appointment and revenue is recognized at a point in time.

Storage Revenue: Revenue from storage services is recognized over time as the services are provided, based on the agreed-upon storage rates and the passage of time.

Shipping Revenue: Revenue from shipping services is recognized when control of the goods has transferred to the

customer, typically upon delivery to the customer's specified destination.

Solar Panel Revenue: Revenue from the generation of electricity by the solar panels is recognized based on the actual amount of electricity generated.

v) Assets and liabilities held for sale

Assets and liabilities held for sale are no longer depreciated and are presented separately in the statement of financial position at the lower of their carrying amount and fair value less costs to sell. An asset is regarded as held for sale if its carrying amount will be recovered principally through a sale transaction, rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable.

w) Foreign currency translation

Transactions in foreign currencies are translated using the exchange rate prevailing at the date of the transaction. At each reporting date, foreign currency denominated monetary assets and liabilities are translated at year-end exchange rates. Exchange differences arising from the transactions are recorded in profit or loss for the period.

x) Future changes in accounting policies

The following IFRS standards have been recently issued by the IASB with an effective date after March 31, 2023, and have not yet been adopted by the Company. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded:

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

The amendments to IAS 1 clarify the requirements relating to determining whether a liability should be presented as current or non-current in the statement of financial position. Under the new requirements, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The Company will evaluate the potential impact of these amendments on the consolidated financial statements when they become applicable.

Amendments to IAS 8: Definition of Accounting Estimate

The amendments introduced a new definition for accounting estimates, clarifying that the estimates are monetary amounts in the financial statements that are subject to measurement uncertainty which is defined as an uncertainty that arises when monetary amounts in financial reports cannot be observed directly and must instead be estimated. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company will evaluate the potential impact of these amendments on the consolidated financial statements when they become applicable.

Amendments to IAS 1: Disclosure of Accounting Policies

The IASB has issued amendments to IAS 1 and IFRS Practice Statement 2 on the application of materiality to disclosure of accounting policies in deciding which accounting policies to disclose in the financial statements. The key amendments to IAS 1 include requiring companies to disclose their material accounting policies rather than their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events, or conditions are immaterial and need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events, or conditions are material to a company's consolidated financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company will evaluate the potential impact of these amendments on the consolidated financial statements

when they become applicable.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrowed the scope of certain recognition exemptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. A company applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendments will be effective for the annual period beginning on or after January 1, 2023, and the Company has chosen not to early adopt the amendments. The Company will evaluate the potential impact of these amendments on the consolidated financial statements when they become applicable.

As of March 31, 2023, the Company has not yet adopted the above-mentioned IFRS standards that have an effective date after this reporting period. The Company is currently evaluating the potential impact of these amendments on the consolidated financial statements and will adopt them when they become applicable in accordance with the relevant IFRS standards. The evaluation process includes assessing the potential impact on the Company's financial position, results of operations, and disclosures in the financial statements.

It should be noted that the potential impact of these amendments on the consolidated financial statements cannot be determined with certainty until the Company completes its evaluation process. Therefore, the Company cannot provide any assurance that the impact of these amendments will not be material to the consolidated financial statements in the period of initial application or in future periods.

This note is provided for informational purposes only and does not represent a comprehensive analysis of all potential accounting impacts that may arise from the adoption of these IFRS standards. The Company encourages users of its financial statements to refer to the full text of the applicable IFRS standards and related guidance for a more detailed understanding of the potential impact on its financial statements.

Note 3 Marketable Securities

As at March 31, 2023 and 2022, the Company held the following marketable securities:

Financial asset Hierarchy level	Level 1	Level 2	Level 3	Total
	WDSL	Millgauss	-	
	\$	\$	\$	\$
Balance, March 31, 2022	1,190	-	-	1,190
Additions (disposals)	-	-	-	-
Unrealized gain (loss) on changes in fair value	(1,123)	3	-	(1,120)
Balance, March 31, 2023	67	3	-	70

Financial asset Hierarchy level	Level 1	Level 2	Level 3	Total
	WDSL	Millgauss	-	
	\$	\$	\$	\$
Balance, December 31, 2020	6,615	-	-	6,615
Additions (disposals)	-	-	-	-
Unrealized gain (loss) on changes in fair value	(5,425)	-	-	(5,425)
Balance, March 31, 2022	1,190	-	-	1,190

On May 10, 2021, the Company, through its subsidiaries Canabo and GrowWise, sold certain clinic assets to Myconic Capital Corp (d.b.a Wellbeing Digital Sciences Limited "WDSL"). In exchange, WDSL issued 7,000,000 common shares with a fair value of \$12,250 at the time of closing. The sale resulted in the derecognition of assets and lease obligations with a net book value of \$586, resulting in a gain of \$12,092.

The shares are classified as fair value through profit and loss, and are categorized as Level 2 on the fair value hierarchy as they have quoted market prices in an active market.

On August 30, 2021, KetamineOne Capital Limited completed a spin-off of Milgauss Investments Ltd, and distributed one one-hundred-tenth of a Milgauss share and one new common share of KetamineOne for each KetamineOne share held before the effective date of the transaction. As part of the spin-off, the Company received 60,795 shares.

The shares are classified as fair value through profit and loss and are categorized as Level 2 on the fair value hierarchy due to the unavailability of some inputs in the market.

Note 4 Investments

One Plant (Retail) Corp. is a private Canadian company that focuses on cannabis retail business. The Company holds 9.4% of One Plant (Retail) Corp.'s common shares as an investment. The investment is accounted for under IFRS 9 - Financial Instruments and is initially recognized at cost, which includes the transaction costs directly attributable to the acquisition of the investment.

The Company evaluates its investment in One Plant (Retail) Corp. for impairment at each reporting date or when there is an indication of impairment. As of March 31, 2023, there is no indication of impairment, and the investment is carried at cost. No dividends have been received or recognized for the year ended March 31, 2023 and 2022.

Any future dividends received from One Plant (Retail) Corp. will be recognized in the Company's profit or loss as income when the right to receive payment has been established. Any transaction costs related to the disposal of the investment will be recognized in profit or loss when the disposal occurs.

Note 5 Right-of-Use Asset and Lease Liability

The changes in the carrying value of right-of-use assets are as follows:

Right-of-Use Asset	\$
Cost	
Balance, March 31, 2022	2,888
Revaluation	46
Terminations	(89)
Balance, March 31, 2023	2,845
Accumulated amortization	
Balance, March 31, 2022	1,044
Terminations	(67)
Amortization	588
Balance, March 31, 2023	1,565
Net book value, March 31, 2022	1,844
Net book value, March 31, 2023	1,280

The changes in the carrying value of current and non-current lease liabilities are as follows:

Lease Liability	\$
Balance, March 31, 2022	2,355
Revaluation	46
Terminations	(26)
Interest expense	395
Payments	(914)
Balance, March 31, 2023	1,856
Current portion	260
Non-current portion	1,596

Note 6 Property, Plant and Equipment

	Equipment and Furniture	Computer and Software	Land	Buildings and Leasehold Improvements	Total
	\$	\$	\$	\$	\$
Cost					
Balance, March 31, 2022	15,949	722	7,737	65,588	89,996
Additions	1,039	331	-	285	1,655
Disposals	(196)	(4)	-	-	(200)
Impairment loss	-	-	-	(5,578)	(5,578)
Transfer to assets held for sale	-	-	(1,051)	(20,388)	(21,439)
Balance, March 31, 2023	16,792	1,049	6,686	39,907	64,434
Accumulated depreciation					
Balance, March 31, 2022	12,100	372	-	37,076	49,548
Depreciation	1,960	139	-	3,879	5,978
Disposals	(57)	(2)	-	-	(59)
Transfer to assets held for sale	-	-	-	(11,439)	(11,439)
Balance, March 31, 2023	14,003	509	-	29,516	44,028
Net book value					
As at March 31, 2022	3,849	350	7,737	28,512	40,448
As at March 31, 2023	2,789	540	6,686	10,391	20,406

Depreciation relating to manufacturing equipment and production facilities for owned and right-of-use lease assets is capitalized to biological assets and inventory and is expensed to cost of sales upon the sale of goods.

During the year ended March 31, 2023, the Company recognized depreciation expense of \$5,978 (March 31, 2022 – \$12,093), of which \$3,150 (March 31, 2022 – \$4,417) was included in cost of sales, biological assets and inventory, and \$2,828 (March 31, 2022 – \$7,676) was included in operating expenses.

Note 7 Inventory

Inventory is comprised of the following items as at:

	March 31, 2023	March 31, 2022
	\$	\$
Finished goods	3,977	4,454
Work-in-progress	18,582	27,992
Supplies and consumables	3,127	2,940
Inventory provision	(9,081)	(13,722)
Total inventory	16,605	21,664

The inventory provision solely relates to work-in-progress inventory as of March 31, 2023, and 2022. It accounts for estimated losses due to obsolescence, slow-moving inventory, and other factors affecting the recoverability of the carrying amount, as determined by management.

Note 8 Biological Assets

Biological assets are valued in accordance with IAS 41. The Company's biological assets consist of cannabis plants. As there is no actively traded commodity market for these, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data which are considered level 3 inputs under IFRS. These inputs are subject to volatility in market prices and several uncontrollable factors could significantly affect the fair value of assets in the future. The fair value is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. The Company capitalizes all the direct and indirect costs as incurred related to the transformation of biological assets and measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year.

The Company's estimates are subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

The change in the carrying value of biological assets during the period area as follows:

	March 31, 2023	March 31, 2022
	\$	\$
Opening balance	1,179	2,511
Production costs capitalized	14,902	22,053
Changes in fair value less cost to sell due to biological transformation	5,158	1,333
Transferred to inventory upon harvest	(18,835)	(24,718)
Total biological assets	2,404	1,179

In determining the fair value of biological assets, management had made the following significant assumptions in the valuation model:

	March 31, 2023		March 31, 2022	
	Indoor	Outdoor	Indoor	Outdoor
Average fair value per gram (\$)	2.00	0.17	0.98	0.16
Average yield per plant (grams)	244	238	60	750
Average of growth cycle (weeks)	13	20	13	16

The Company values cannabis plants at fair value. Measurement of the biological transformation of the plant at fair value begins at the time of planting and is recognized evenly until the point of harvest. The number of weeks in the growing cycle is between thirteen and twenty weeks from propagation to harvest.

The Company estimates the harvest yields for the cannabis on plants at various stages of growth, based on expected yield of mature plants. As of March 31, 2023, it is expected that the Company's biological assets will yield 19,759 kg of cannabis when eventually harvested. The Company's estimates are, by their nature, subject to change, and differences from the expected yield will be reflected in the fair value adjustment to biological assets in future periods. The Company accretes fair value on a straight-line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 13-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value less costs to sell (subject to wastage adjustments).

The fair value adjustment to biological assets and inventory sold consists of the following for twelve and the fifteen months ended:

	March 31, 2023	March 31, 2022
	\$	\$
Change in fair value on growth of biological assets	1,380	1,333
Realized fair value amounts included in inventory sold	(361)	120
Fair value changes in biological assets and inventory sold	1,019	1,453

Note 9 Net tax payable (receivable)

Net tax payable (receivable) comprises the following items as at:

	March 31, 2023	March 31, 2022
	\$	\$
Sales tax payable (receivable)	286	(3,323)
Excise duty payable	9,423	3,616
Excise stamp deposit	(823)	(823)
Total net tax payable (receivable)	8,886	(530)

Note 10 Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities comprise the following items:

	March 31, 2023	March 31, 2022
	\$	\$
Trade payables	8,091	18,763
Accrued expenses	859	4,782
Provisions	288	454
Total accounts payable and accrued liabilities	9,238	23,999

Note 11 Credit Facilities

December 2021 Credit Facility - Current

On December 24, 2021, the Company entered into a new loan agreement that provides for a term facility of \$12,000 and access to a revolving facility up to \$7,000. The loans bear interest at a rate of the National Bank of Canada prime (with a floor of 3.45%) rate plus 9%, annually, with an effective interest rate of 14.8%. Under the agreement, the Company prepaid interest of \$749. The availability under the revolving facility is subject to an advance rate against certain accounts receivable balances.

The Company received net proceeds of \$10,798 on December 24, 2021.

The facility is secured by first lien mortgages on the Paris, Ontario and Grimsby, Ontario production facilities and certain equipment and a general security agreement on the Company.

On each of March 28, 2022 and June 17, 2022 the Company and the lender agreed to certain amendments to the agreement to provide for ongoing funding under the revolving facility despite one or more breaches of existing covenants.

The amortization of the credit facility as at March 31, 2023:

	\$
Balance, March 31, 2022	12,073
Interest expense	1,942
Fees	203
Drawdown	24,926
Repayment	(27,215)
Transfer to liabilities held for sale	(4,375)
Balance, March 31, 2023	7,554
Credit facility	7,755
Revolver	(201)
Balance, March 31, 2023	7,554

The following table provides a reconciliation of the credit facility balance reported on the balance sheet as of March 31, 2023:

	\$
December 2021 Credit Facility	7,554
August 2021 Credit Facility	5,328
Total credit facility, March 31, 2023	12,882

August 2021 Credit Facility - Current

On August 23, 2021, the Company entered into a secured Credit Agreement, to receive \$10,000 for working capital and general corporate purposes. The term of the loan was for one year with a fixed interest rate of 12% and an effective interest rate of 17.3%. Accrued interest may either be paid monthly in arrears or upon maturity of the facility. In addition, up to 1,000,000 common share purchase warrants with an exercise price of \$0.32 were granted and vest in four tranches of 250,000 quarterly commencing November 20, 2021. The warrants were ascribed a value of \$131,

using Black Scholes pricing model. The facility is secured by a first lien mortgage on the Port Perry, Ontario facility.

On December 24, 2021, the Company entered into an amendment with its lender to revise certain terms in the credit facility. Second lien mortgages were granted against the Paris, Ontario and Grimsby, Ontario production facilities. The maturity date was extended by approximately 16 months to December 24, 2023, the stated interest rate applicable changed to 12.45%, and the interest to begin paying in June 2022.

The Company made a principal repayment of \$5,000 against the credit facility, together with accrued interest and fees on January 7, 2022. The first tranche of the common share purchase warrants of 250,000 vested on November 20, 2021. Due to the early repayment, the second tranche vesting February 20, 2022, was reduced to 190,217 from 250,000. The third tranche of 125,000 common share purchase warrants of 250,000 vested on May 20, 2022 and the remaining 125,000 common share purchase warrants vested on August 20, 2022.

On December 24, 2021, the Company entered into an amendment with its lender to revise certain terms in the credit facility including the prepayment of one year of interest, from June 2022 to June 2023, in the amount of \$623.

The amortization of the credit facility as at March 31, 2023:

	\$
Balance, March 31, 2022	5,075
Interest accretion	876
Interest payment	(623)
Balance, March 31, 2023	5,328

Note 12 Promissory Notes

Promissory Note

On December 16, 2022, the Company issued a promissory note to receive \$1,000 for general corporate purposes. The note bears a fixed interest rate of 12.75% and an effective interest rate of 15.77%. The promissory note will be due and payable on December 31, 2024. The interest on the amount of the promissory note will accrue and be paid bi-monthly.

On January 24, 2022, the Company issued a promissory note to receive \$1,500 for general corporate purposes. The note bears a fixed interest rate of 12.75% and an effective interest rate of 15.09%. The promissory note will be due and payable on December 31, 2024. The interest on the amount of the promissory note will accrue and be paid bi-monthly.

On February 28, 2023, the Company issued a promissory note to receive \$2,000 for general corporate purposes. The note bears a fixed interest rate of 12.75% and an effective interest rate of 13.86%. The promissory note will be due and payable on December 31, 2024. The interest on the amount of the promissory note will accrue and be paid bi-monthly.

The amortization of the promissory notes as at March 31, 2023 is as follows:

	\$
Proceeds from issuance on December 16, 2022	1,000
Proceeds from issuance on January 24, 2023	1,500
Proceeds from issuance on February 28, 2023	2,000
Transaction costs	(80)
Interest accretion and amortization of transaction costs	102
Balance, March 31, 2023	4,522
Interest payable included in accounts payable and accrued liabilities	93
Promissory note	4,429
Balance, March 31, 2023	4,522

Note 13 Convertible Debt

Aleafia Convertible Debt

In June 2019, the Company issued 40,250 additional convertible debentures units (the “**Aleafia Convertible Debt Unit**”) for gross proceeds of \$40,300 (the “**June 2019 Convertible Debenture**”). The Aleafia Convertible Debt Unit consists of one \$1,000 principal amount of unsecured convertible debenture of the Company and 680 common share purchase warrants, under the following terms:

- A maturity date of June 27, 2022,
- An interest rate of 8.5% per annum, payable semi-annually,
- Convertible at \$1.47 per share until June 27, 2022, at the option of the holder, and
- The Company may accelerate the expiry date of the common share purchase warrants with not less than 30 days’ notice, should the daily volume weighted average trading price of the outstanding common shares of the Company on the TSX be greater than \$3.10 for 20 consecutive trading days.

During 2019, Debenture holders converted \$2,900 debentures to common shares. Accordingly, the remaining principal balance to be paid upon maturity is \$37,350.

During the year ended March 31, 2022, Debenture holders converted \$301 debentures to 204,751 common shares. Accordingly, the remaining principal balance to be paid upon maturity is \$37,049.

On June 23, 2022, the Company amended key commercial terms of its unsecured convertible debenture (Debenture Amendments), maturing June 27, 2022. The amendment includes, among other things, exchanging the current convertible debentures for new convertible debentures with maturities in two, four and six years. The interest rate remains the same at 8.5%, with payment in kind with additional new convertible debentures and a reduction in the conversion price from \$1.47 to \$0.25 for the debentures expiring in 2024, \$0.30 for the debentures expiring in 2026, and \$0.35 for the debentures expiring in 2028.

The Debenture Amendments were effected by the exchange of the outstanding \$37,049 principal amount of unsecured convertible debentures for new, secured convertible debentures, which were issued to existing debenture holders in three equal, separate series (each, a “Series”): (a) 8.50% Series A Secured Debentures Due June 30, 2024 (the “**Series A Debentures**”), (b) 8.50% Series B Secured Debentures Due June 30, 2026 (the “**Series B Debentures**”), and (c) 8.50% Series C Secured Convertible Debentures Due June 30, 2028 (the “**Series C Debentures**” and, collectively with the Series A Debentures and the Series B Debentures, the “**New Debentures**”).

The interest rate remains at 8.5%, with no mandatory cash interest payment for either 24 and 30 months depending on the length of the term, as interest will be paid-in-kind with additional New Debentures (the “**PIK Interest**”) during these periods.

In addition, \$2,387 principal amount of Series C Debentures were issued as consideration for the consent fee payable to debenture holders who consented in favour of the extraordinary resolution approving the Debenture Amendments.

Following the closing of the Debenture Amendments, the following New Debentures are issued and outstanding on the following terms:

New Debenture	Initial Principal Amount	Maturity Date	Conversion Price
Series A Debentures	\$12,350	June 30, 2024	\$0.25
Series B Debentures	\$12,350	June 30, 2026	\$0.30
Series C Debentures	\$14,736	June 30, 2028	\$0.35

The New Debentures are secured against certain assets of the Company and are fully subordinated to the Company’s existing credit facilities. The Company is not permitted to incur further senior secured indebtedness, subject to certain exceptions, including to fund working capital, capital expenditures, and acquisitions.

The below table summarizes the changes in the total consolidated convertible debentures.

	\$
Balance, March 31, 2022	36,401
Interest accretion	4,076
Conversion into equity	(301)
Derecognition of June 2019 Convertible Debenture	(40,175)
Transaction costs	(636)
Issuance of New Debentures	24,128
Balance, June 30, 2022	23,493
Interest accretion	3,679
Balance March 31, 2023	27,172

The modifications to the June 2019 Convertible Debenture were determined to be substantial and therefore accounted for as an extinguishment.

The liability component of the New Debentures is recorded at the present value of the future interest and principal payments using the discount rate of 19.5%. The equity component represents the residual amount attributed to the Company’s liability to equity conversion option amounting to \$16,047 and is recorded in the contributed surplus in the interim condensed consolidated statements of financial position.

Note 14 Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and Outstanding

As at March 31, 2023, there were 403,143,926 common shares issued and outstanding.

During the year ended March 31, 2023, the Company issued 68,151,515 common shares at a price of \$0.0825 plus 3,407,500 common shares as finder's fee, by way of a private placement offering on June 24, 2022, resulting in net proceeds of \$5,623. Each common share also has one half of one common share purchase warrant (refer to "warrant" section below).

Stock Options

The Company has adopted a stock option plan (the "Plan"), providing the Board of Directors with the discretion to issue an equivalent number of options of up to 20% of the issued and outstanding share capital. Stock options are granted with an exercise price of not less than the closing share price of the day preceding the date of grant.

The total stock option expense recognized as share-based compensation expense for the year ended March 31, 2023 was \$1,571 (March 31, 2022 – \$2,607).

The following table summarizes information relating to outstanding and exercisable stock options as at March 31, 2023:

	Options	Weighted average exercise price
	#	\$
Balance December 31, 2020	26,260,632	1.06
Granted	11,564,000	0.39
Exercised/released	(781,250)	0.65
Forfeited/cancelled	(2,468,385)	0.76
Expired	(4,238,551)	0.46
Balance, March 31, 2022	30,335,946	0.88
Vested, March 31, 2022	23,059,947	1.03
Unvested, March 31, 2022	7,275,999	0.41
Granted	29,004,000	0.09
Forfeited/cancelled	(6,170,175)	0.35
Expired	(250,000)	0.56
Balance, March 31, 2023	52,919,771	0.51
Vested	40,322,396	0.64
Unvested	12,597,375	0.10
Balance, March 31, 2023	52,919,771	0.51

The fair values of the stock options granted during the year ended March 31, 2023 and 2022, were estimated using the Black-Scholes option pricing model with following weighted average assumptions:

	2023	2022
Weighted average share price	\$0.05	\$0.21
Weighted average risk-free interest rate	2.87%	0.69%
Weighted expected life-years	3.2 years	2.8 years
Weighted average expected daily volatility	87.5%	87.0%
Weighted expected dividends	0.00%	0.00%
Forfeiture rate	5.65%	0.00%

The volatility assumption is based on an analysis of historical volatility over a period equivalent to the life of the options.

The following table summarizes the outstanding and exercisable options held by directors, officers, employees and consultants as at March 31, 2023:

Exercise Price Range	Outstanding			Exercisable	
	Number of Options	Remaining Contractual Life	Weighted average exercise price	Number of Options	Weighted average exercise price
\$		Years	\$		\$
0.05 - 0.07	8,885,000	4.48	0.05	4,032,750	0.05
0.08 - 0.11	16,576,00	4.07	0.10	9,567,500	0.10
0.12 - 0.42	9,603,000	3.33	0.36	8,931,125	0.36
0.43 - 1.02	7,050,500	1.15	0.64	6,985,750	0.64
1.03 - 2.65	10,805,27	1.00	1.54	10,805,271	1.54
	52,919,771	2.99	0.51	40,322,396	0.64

The following table summarizes the outstanding and exercisable options held by directors, officers, employees and consultants as at March 31, 2022:

Exercise Price Range	Outstanding			Exercisable	
	Number of Options	Remaining Contractual Life	Weighted average exercise price	Number of Options	Weighted average exercise price
\$		Years	\$		\$
0.13 - 0.50	11,949,000	4.17	0.38	5,739,750	0.41
0.51 - 1.00	7,193,250	2.10	0.67	6,376,500	0.68
1.01 - 1.50	6,839,690	2.21	1.08	6,589,691	1.08
1.51 - 2.00	749,006	1.60	1.58	749,006	1.58
2.00 - 2.65	3,605,000	1.64	2.44	3,605,000	2.44
	30,335,946	2.88	0.88	23,059,947	1.03

Restricted Share Units (“RSUs”)

The Company has a restricted share unit plan (the “RSU Plan”). For each RSU granted under the plan, the Company recognizes an expense equal to the market value of a common share at the date of grant based on the number of RSUs expected to vest over the term of the vesting period, with a corresponding credit to equity for share-based compensation expense anticipated to be equity settled. RSUs under the RSU plan may vest immediately or become exercisable in various increments based on conditions as determined by the Board. In determining the amount of share-based compensation, the Company used the closing price of the common shares on the RSU grant date.

During the year ended March 31, 2023, 2,000,000 RSUs were granted (March 31, 2022 – 1,274,000). The total RSU expense recognized as share-based compensation expense for the year ended March 31, 2023 was \$126 (March 31, 2022 – \$292).

A summary of the RSUs granted and outstanding as at March 31, 2023 and 2022, is as follows:

	#
Balance, December 31, 2020	–
Granted	1,274,000
Exercised/released	(335,250)
Forfeited	(214,083)
Balance, March 31, 2022	724,667
Granted	2,000,000
Exercised/released	(661,417)
Cancelled/forfeited	(127,500)
Balance, March 31, 2023	1,935,750

There are no RSU's exercisable as they are issued as common shares upon vesting.

Deferred Share Unit Plan for Directors

At the Company's annual general meeting on June 30, 2020, shareholders passed a resolution approving the Company's deferred share unit plan (the "DSU Plan"), which was implemented during the year ended December 31, 2020.

The purpose of the DSU Plan is to promote a greater alignment of long-term interests between eligible participants (being non-executive directors only) and the Company and its shareholders, to provide a compensation system for non-employee directors that, together with other director compensation, is reflective of the responsibility, commitment and risk accompanying membership on the Board and the performance of the duties required of the various committees of the Board. The deferred share units are settled in shares.

A summary of the DSUs granted and outstanding as at March 31, 2023 and 2022 is as follows:

	#
Balance, December 31, 2020	148,431
Granted	2,229,549
Exercised/released	(347,947)
Balance, March 31, 2022	2,030,033
Granted	7,494,704
Balance, March 31, 2023	9,524,737

There are no DSU's exercisable as they are issued as common shares upon vesting.

Warrants

The Company has the following warrants outstanding as at March 31, 2023 and 2022:

	Warrants outstanding #	Weighted average exercise price \$
Balance, December 31, 2020	50,221,974	1.17
Issued	15,316,000	0.99
Exercised	(1,050,890)	0.75
Expired	(8,331,652)	0.74

Balance, March 31, 2022	56,155,432	1.19
Issued	34,325,758	0.10
Expired	(43,410,215)	1.38
Outstanding and exercisable, March 31, 2023	47,070,975	0.29

In conjunction with the issuance of common shares under the private placement, each holder received one half of one common share purchase warrant. A total of 34,075,758 were issued with an exercise price of \$0.1025, expiring June 24, 2026. The expiry date may be accelerated by the Company at any time and upon 30 days' notice if the closing price of the common shares on the Toronto Stock Exchange is greater than \$0.165 for any 10 consecutive trading day after the four-month lock up period and prior to the expiry of the warrants.

In addition to these warrants, the Company has 12,305,500 warrants set to expire on May 29, 2023, and 690,217 warrants set to expire on August 20, 2023.

Note 15 Selling, General and Administration Expense

	March 31, 2023	March 31, 2022
	\$	\$
Wages and benefits	8,901	17,367
Marketing	2,463	3,058
Information technology	1,099	2,262
Regulatory and licensing	3,436	1,733
Professional fees	95	40
Facility costs	1,035	2,228
General and administrative expenses	1,192	7,439
	18,221	34,127

Note 16 Key Management Compensation

Key management includes directors and key executives of the Company.

For the year ended March 31, 2023 and 2022, the Company had the following transactions with the officers and directors of the Company:

	March 31, 2023	March 31, 2022
	\$	\$
Wages and benefits: Directors	-	827
Wages and benefits: Management	1,380	3,247
Share based compensation: Directors	457	57
Share based compensation: Management	991	1,680
Termination benefits: Management	-	730
	2,828	6,541

As at March 31, 2023, an amount of \$16 (March 31, 2022 – \$429) was due to directors and management. These amounts are non-interest bearing, unsecured, due on demand and included in accounts payable and accrued liabilities on the consolidated statements of financial position.

Note 17 Loss per Share

Loss per common share is calculated using the weighted average number of common shares outstanding. The weighted average number of shares outstanding for the year March 31, 2023 was 386,358,769 (March 31, 2022 – 327,012,541).

Diluted income per common share is calculated using the weighted average number of common shares outstanding taking into consideration the weighted average impact of dilutive securities. All of the Company's potentially dilutive securities are anti-diluted during the periods presented due to losses incurred.

Note 18 Management of Capital

The Company's objectives when managing capital are to:

- sustain a sufficient capital base to maintain investor, creditor, supplier, and customer confidence; and
- sustain the future development of the business.

The Company does not have any externally imposed capital requirements to which it is subject.

The Company defines capital as the aggregate of its shareholders' equity, credit facilities, lease liabilities, promissory note, and convertible debt. The Company manages the capital structure and adjusts it to reflect changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash. In the current period, the Company manages its capital with a heightened focus on maintaining and improving its liquidity. For the year ended March 31, 2023, there has been no other significant changes to the management of capital.

Note 19 Financial Instruments and Financial Risks

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, restricted cash, marketable securities, trade and other receivables, investments, accounts payable, lease liability, promissory note, and convertible debt. The following table summarizes the carrying values of the Company's financial instruments by measurement category:

	March 31, 2022	March 31, 2022
	\$	\$
Fair value through profit and loss (cash, restricted cash, and marketable securities)	697	2,759
Assets, amortized cost (trade receivables, net tax receivable, and investments)	6,666	10,672
Liabilities, amortized cost (accounts payable, net tax payable, lease liability, credit facilities, liabilities held for sale, promissory note and convertible debt)	68,838	79,903

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
- Level 3 - Inputs that are not based on observable market data

The following table sets out for the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as at March 31, 2023 and March 31, 2022:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	465	-	-	465
Restricted cash	162	-	-	162
Marketable securities	65	5	-	70
Total, March 31, 2023	692	5	-	697

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	1,347	-	-	1,347
Restricted cash	222	-	-	222
Marketable securities	1,185	5	-	1,190
Total, March 31, 2022	2,754	5	-	2,759

The carrying value of trade receivables, accounts payable and net tax payable are a reasonable approximation of their fair value due to their short-term nature. The carrying value of lease liability, credit facilities, promissory notes and convertible debt are a reasonable approximation of their value based on market interest rates for similar instruments as at March 31, 2023.

Assets Held for Sale

The fair value of assets held for sale, primarily comprising the land and building of the Grimsby greenhouse facility, is determined based on Level 3 inputs within the fair value hierarchy. The fair value measurement incorporates various factors, including third-party valuation reports, advisor opinions of value, the range of purchase proposals received, and comparisons to comparable asset sale list prices and actual sale prices. These inputs are used to formulate the fair value less cost to sell.

Risk Management

Effective risk management is fundamental to the success of the organization and is recognized as key in the Company's overall approach to strategy management. The Company has a strong, disciplined risk culture where managing risk is a responsibility shared by all of the company's employees.

The primary goals of the risk management are to ensure that the outcomes of risk-taking activities are consistent with the Company's strategies and the risk appetite and that there is an appropriate balance between risk and reward in order to maximize shareholder value.

The Company has identified the below potential risk categories:

a) Currency risk

The Company's revenues and expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary assets or liabilities and has few

transactions denominated in a currency other than Canadian dollars. During the twelve months ended March 31, 2023, there has been no change to the management of this risk.

b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits, the variable rate of interest applicable to the \$12,000 term facility, and the drawn amount on the revolving facility. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term in nature. The interest rate risk on convertible debt is insignificant due to the fixed rate of interest on convertible debt. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company monitors interest rates and may enter into derivative instruments to hedge interest rate risk should it deem it economically efficient.

c) Investment risk

The Company is exposed to investment risk arising from its holdings in various securities, including publicly traded securities and a long-term investment in a privately held company. Investment risk encompasses a range of factors that could impact the value and performance of these securities.

The Company's investments in publicly traded securities are subject to market-related risks, including share price volatility and fluctuations. These risks are influenced by factors such as market conditions, investor sentiment, economic trends, and company-specific developments. The Company monitors market conditions, including share price movements, and evaluates the performance of its investments regularly. By staying informed about market trends and conducting ongoing evaluations, the Company aims to make informed investment decisions and manage risks effectively.

The Company holds a long-term investment in a privately held retail company, which introduces investment risks. These risks include factors such as business performance, market dynamics, regulatory changes, competitive landscape, and other industry-specific risks. The value and success of the investment are dependent on the ability of the underlying company to achieve its strategic objectives and generate sustainable returns. The Company regularly monitors the performance and prospects of this investment, market conditions, and industry-specific risks affecting the investment and incorporates risk assessments into its investment strategies.

It is important to note that investment risk cannot be completely eliminated, as it is inherent in the investment process. The Company recognizes that investments carry inherent uncertainties, and actual outcomes may differ from estimates and projections. Therefore, the Company remains diligent in its investment activities, continuously evaluates investment opportunities, and adjusts its investment strategy as necessary to navigate investment-related risks effectively.

d) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash, trade and other receivables and marketable securities. The risk exposure is limited to their carrying values reflected on the consolidated statements of financial position. To minimize the credit risk the Company places these instruments with a high-quality financial institution. There are no expected credit losses with respect to cash and as the Company does not invest in asset backed investments. To manage and mitigate credit risk in respect of certain trade receivables with other Canadian licensed producers, the Company has the option in certain cases to receive product in kind.

The expected credit losses of trade and other accounts receivables was assessed based on the expected loss model in compliance with IFRS 9. Individual receivables that were known to have incurred credit losses are written off by reducing the carrying amount directly, and this is reevaluated and subject to change as the Company reevaluates its credit risk exposure. Pursuant to their collective terms, trade accounts receivable, were aged as follows:

	March 31, 2023	March 31, 2022
	\$	\$
Current	2,787	6,363
0 – 30 days past due	512	250
31 – 60 days past due	248	95
61 – 90 days past due	156	69
90 + days past due	1,184	1,176
Provision for credit losses	(871)	(654)
Other receivables	259	452
Total	4,275	7,751

The following table shows the changes in the provision for credit losses for trade and other receivables:

	March 31, 2023	March 31, 2022
	\$	\$
Opening balance	654	762
Write-offs	-	(1,976)
Expected credit losses	217	1,868
Total	871	654

The standard payment terms applicable to most customers are between 30 – 60 days upon receipt of goods. There is negligible credit risk with respect to other receivables, as they primarily originate from government agencies, national insurance companies and a credit card company.

The Company has concentration risk, as approximately 82% (March 31, 2022 – 76%) of total revenue came from three (March 31, 2022 – three) customers and approximately 59% (March 31, 2022 – 79%) of total trade accounts receivable is due from three (March 31, 2022 – three) customers.

During the year, the Company settled \$2,000 in accounts payable by delivering its products to a counterparty from whom the Company had made purchases, resulting in an equivalent accounts receivable balance. This transaction led to the offsetting of accounts receivable and accounts payable, effectively setting them to zero. Consequently, no cash flow was generated from the bulk wholesale revenue, and both the accounts payable and accounts receivable were fully eliminated.

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has experienced recurring losses and has a cumulative deficit of \$527,810. For the year ended March 31, 2023, cash flow from operations is negative. Refer to note 2, Going Concern.

As at March 31, 2023, the Company has total current assets of \$25,848 (March 31, 2022 – \$36,835) and total current liabilities of \$31,266 (March 31, 2022 – \$72,995), providing for net current liability of \$5,418 (March 31, 2022 – net current liability of \$36,160). The significant change during the year March 31, 2023 is a result of the extinguishment of the June 2019 Convertible Debenture.

The Company has the following undiscounted future payments for convertible debenture, credit facilities, lease obligations, loan payable, and purchase commitments as at March 31, 2023:

	within 1 year	2 years	3 years	4 years	5 years and thereafter
	\$	\$	\$	\$	\$
Convertible debenture	-	12,350	-	12,350	14,736
Credit facilities	12,882	-	-	-	-
Lease obligations	260	1,072	511	11	2
Promissory note	-	4,500	-	-	-
Purchase commitments	506	-	-	-	-
Total	13,648	17,922	511	12,361	14,738

Note 20 Commitments and Contingencies

In the ordinary course of business, from time to time, the Company may be involved in various claims related to its commercial and/or corporate activities. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these consolidated financial statements.

Certain of Emblem Corp.'s former executives have been named in a claim commenced March 20, 2015, in the Ontario Superior Court of Justice that also identifies Emblem Corp. and Emblem in relation to certain services provided to the parties by an individual. The plaintiff has claimed \$10,000 in damages. The claim is being contested and is expected to proceed to trial circa 2024 if an early settlement is not achieved. The outcome of this legal matter is subject to negotiations by the officers of the Company and the Company believes it is unlikely to be impacted and accordingly, no amount has been provided for. A separate claim was also initiated by Amos Tayts on March 22, 2019, in the Ontario Superior Court of Justice against Emblem and Emblem Corp. arising out of the same facts and seeking the same damages. It is also being contested.

On June 16, 2020, a class-action lawsuit was issued in Calgary, Alberta by Lisa Marie Langevin as the proposed representative plaintiff. The claim has been filed against most of the cannabis manufacturers in Canada and includes, among the many defendants, Emblem Corp. and Aleafia Health. The claim alleges that the THC and CBD levels in the products manufactured and/or sold by the defendants differed from what was represented on packaging, specifically alleging that THC and CBD levels were found to be significantly higher than indicated in some products while others may have had significantly lower levels. The action is seeking \$500,000 (or such other amount as may be proven at trial) for all Canadians who purchased medicinal cannabis products on or after June 16, 2010, as well as Canadians who legally purchased cannabis for recreational purposes on or after October 17, 2018. The claim also seeks \$5,000 in punitive damages. Ms. Langevin has not alleged that she ever purchased product from Emblem or Aleafia Health. The case is at its earliest stages. The Company believes it has good defenses to the claim and intends to vigorously defend the claim. Accordingly, at this stage no amount has been provided for in the consolidated statements of financial position in respect of this claim.

On February 8, 2023, the Company received a letter from the Canada Revenue Agency ("CRA") with respect to Emblem Cannabis Corporation's previously filed Canada Emergency Wage Subsidy ("CEWS") for the period between March 15, 2020 and March 13, 2021. The CRA has audited said periods for Emblem Cannabis Corporation and has proposed a claw back in the amount of \$3,200 related to the CEWS funds provided to the Company. The Company is actively reviewing the CRA's findings and intends to file a Notice of Objection. Based on the Company's records and external advice, it remains of the belief that it is owed the full amount of the previously claimed and received

CEWS funds. At this time, it is not possible to make a reasonable and reliable estimate of the likelihood of the outcome of the dispute. Accordingly, the Company has not accrued for any potential disallowed CEWS claims in the period. The Company will continue to assess the matter as the dispute resolution progresses.

Note 21 Income Taxes

The Company has non-capital losses carried forward of approximately \$263,000 available to reduce income taxes in future years which expire from 2030 to 2041. The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates for the twelve and fifteen months ended, respectively:

	March 31, 2023	March 31, 2022
	\$	\$
Loss and comprehensive loss for the year	(34,607)	(169,867)
Canadian statutory income tax rate	26.5%	26.5%
Income tax recovery at statutory rate	(9,171)	(45,015)
Effect of income taxes of:		
Permanent differences and other	1,583	17,105
Change in deferred tax assets not recognized	7,588	25,056
Deferred income tax (recovery)	-	(2,854)

The temporary differences that give rise to significant portions of the deferred tax assets and liabilities are presented below:

	March 31, 2023	March 31, 2022
	\$	\$
Non-capital loss carry forwards	76,253	69,719
Property, plant, and equipment	2,488	(541)
Investment	(634)	(634)
Biological assets and inventory	4,998	6,053
Intangible assets	-	-
Convertible debentures	(3,250)	(252)
Lease liability IFRS 16	492	624
Share issue costs	990	1,320
Deferred tax assets not recognized	(81,337)	(76,289)
Deferred income tax assets (liability)	-	-

Note 22 Segment Reporting

An operating segment is a component of an entity for which separate financial information is available and whose operating results are reviewed regularly by the entity's chief operating decision maker to make resource allocation decisions and assess performance. An operating segment also engages in business activities from which it may earn

revenue and incur expenses. The Company has determined that it has only one operating segment that meets the above criteria, and for which separate financial information is available.

The Company's revenue is derived from different geographic regions. During the year, the revenue breakdown was as follows: 95% of the total net revenue originated from Canada (March 31, 2022 - 98%), and 5% was originated from Europe and Australia (March 31, 2022 - 2%).

All of the Company's long-lived assets are located in Canada.

Note 23 Assets and Liabilities Held for Sale

In connection with the Company's business transformation plan, during the year ended March 31, 2023, the Company initiated the winddown of its Grimsby greenhouse and listed the asset for sale.

The most significant estimates and assumptions include those related to the inputs used in accounting for assets classified as held for sale including the estimated fair value less costs to sell. In calculating the estimated fair value less costs to sell, management is required to make a number of estimates, including determining the appropriate comparable assets, calculating the estimated costs to get the asset ready for sale, and the estimated costs required to execute and complete the sale. In formulating management's estimated fair value less costs to sell, management reviewed third-party valuation reports, proposals received, actual selling prices of other greenhouses, and asking prices of other greenhouses, among other sources of information. The Company estimated the fair value less costs to sell of \$10,000, and accordingly has recorded an impairment loss of \$3,000 and \$5,578, for the three and twelve months ended March 31, 2023. The impairment loss was included in impairment of property, plant and equipment in the Consolidated Statements of Profit or Loss and Comprehensive Profit or Loss. The facility is actively being marketed and readily available for sale. The sale of the facility is considered probable as multiple proposals have been put forth to the Company. The sale of the Grimsby greenhouse facility is expected to occur within a year.

The following table presents the major classes of assets and liabilities related to the operations of the Grimsby greenhouse:

	March 31, 2023
Land	1,051
Building	8,949
Assets held for sale	10,000
Credit facility	4,375
Liabilities held for sale	4,375

The liability held for sale was determined by comparing the estimated relative fair value of the Grimsby property to the Paris property at the time the facility/loan was granted. This ratio was utilized to establish the loan balance when the Grimsby property was classified as held for sale. The term facility is secured by a first lien on the Paris and Grimsby facilities, as disclosed in Note 11 - Credit Facilities.

Note 24 Comparative Figures

Reclassifications have been undertaken for the prior period comparative figures to enhance comparability with the current period financial statements. The objective of these reclassifications is to present more detailed information in the consolidated statement of financial position by adjusting the grouping of specific accounts. These reclassifications had no impact on the net loss or shareholders' equity. Their purpose of is to facilitate a better understanding of the financial position, provide a higher level of granularity, and enhance the overall presentation of the consolidated statement of financial position.

The following reclassifications were made to enhance the disclosure of certain figures:

Consolidated Statements of Financial Position	As Reported	Adjustment	As Reclassified
Cash	1,356	(9)	1,347
Restricted cash	213	9	222
Trade and other receivables, net	11,085	(3,334)	7,751
Net tax receivable	-	530	530
Prepays and deposits	3,775	(823)	2,952
Accounts payable and accrued liabilities	27,626	(3,627)	23,999

Note 25 Events After the Reporting Period

On June 6, 2023, Red White & Bloom Brands Inc. ("**RWB**") and Aleafia (the "**Company**") entered into a Binding Letter Agreement whereby RWB has agreed to acquire Aleafia and its subsidiaries in a business combination transaction (the "**Proposed Transaction**") to be completed by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario).

Under the terms of the Binding Letter Agreement, each outstanding common share in the capital of Aleafia (each, an "**Aleafia Share**") will be exchanged for 0.35 of a common share in the capital of the Company (each, an "**RWB Share**"), subject to customary adjustment (the "**Exchange Ratio**"). Upon the completion of the Proposed Transaction, existing RWB shareholders are expected to own approximately 76% of the Combined Company resulting from the Proposed Transaction (the "**Combined Company**") and Aleafia shareholders are expected to own approximately 24% of the Combined Company.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction, at which time additional information will be provided in a subsequent press release.

Summary of the Proposed Transaction

The Proposed Transaction is expected to be completed by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario). Under the terms of the Letter Agreement, RWB will acquire all of the issued and outstanding Aleafia Shares in exchange for RWB Shares on the basis of the Exchange Ratio. Outstanding options and warrants to purchase Aleafia Shares will become exercisable to acquire RWB Shares on the same terms and conditions, on the basis of the Exchange Ratio. Outstanding restricted and deferred share units of Aleafia will be settled upon closing in RWB Shares on the basis of the Exchange Ratio.

The Proposed Transaction will require the approval of: (a) (i) two-thirds of the votes cast by shareholders of Aleafia, and, if required, (ii) a simple majority of the votes cast by minority Aleafia shareholders in accordance with Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"), at a special meeting of Aleafia shareholders expected to take place in the third quarter of 2023 (the "**Aleafia Meeting**"); (b)

debenture holders of the requisite percentage of the principal amount of each series of Aleafia Convertible Debentures (“**Debentureholder Approval**”); and (c) if required, RWB shareholders at a special meeting of RWB shareholders expected to take place in the third quarter of 2023 (the “**RWB Meeting**”).

Completion of the Proposed Transaction will be subject to customary closing conditions and receipt of necessary court and regulatory approvals, including stock exchange approval. Subject to receipt of all necessary approvals, the Proposed Transaction is expected to close by on October 31, 2023 (the “**Effective Time**”).

A copy of the Letter Agreement will be filed on Aleafia and RWB’s SEDAR profiles at www.sedar.com. Prior to entering into a definitive arrangement agreement, all members of the board of directors of Aleafia, all officers of Aleafia and certain other security holders of Aleafia, will enter into customary support and voting agreements.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction on or before July 31, 2023. The Letter Agreement contains, and the arrangement agreement will continue to contain, standard non-solicitation and superior proposal provisions and a break fee of C\$2 million. The Letter Agreement includes, and arrangement agreement will continue to include other provisions such as conditions to closing the Proposed Transaction, and representations and warranties and covenants customary for arrangement agreements. Further details with respect to the Proposed Transaction will be included in the arrangement agreement and in an information circular to be mailed to Aleafia shareholders in connection with the Aleafia Meeting and to holders of Aleafia Convertible Debentures, as applicable, and to RWB shareholders in connection with the RWB meeting (if required). Once available, copies of the arrangement agreement and information circular will be filed on each of Aleafia and RWB’s SEDAR profiles at www.sedar.com, as applicable.

Concurrent with entering into the Binding Letter Agreement, the Aleafia Senior Secured Loan Agreement, made as of December 24, 2021, between Aleafia and certain subsidiaries as borrowers, with other subsidiaries as guarantors, and NE SPC II LP as lender, and subsequently amended on March 28, 2022, June 17, 2022, April 26, 2023, May 15, 2023, and May 31, 2023, was assigned by NE SPC II LP to RWB.

On June 6, 2023, concurrent with the execution of the Binding Letter Agreement Aleafia was advanced \$1.5 million.

As part of the Proposed Transaction, the Company expects to settle the 8.5% Series A Secured Convertible Debentures due June 30, 2024, the 8.5% Series B Secured Convertible Debentures due June 30, 2026, and the 8.5% Series C Secured Convertible Debentures due June 30, 2028 (collectively, the “**Aleafia Convertible Debentures**”) for an aggregate of \$6,000 at the Effective Time (subject to Debentureholder approval). The funding for the settlement of the Aleafia Convertible Debentures, along with the assignment of the Aleafia Senior Secured Loan Agreement, is intended to be funded through a new secured \$30,000 credit facility (the “**New Credit Facility**”). The New Credit Facility will also serve to support working capital requirements, growth initiatives, and the RWB Credit Facility, a \$17,500 credit facility being negotiated by RWB and Aleafia. The RWB Credit Facility will facilitate cash settlement, working capital requirements, and promissory note repayment, and will include covenants and reporting requirements.

The specific terms of the New Credit Facility and the RWB Credit Facility will be confirmed upon the execution of final funding agreements and the completion of the Proposed Transaction. These actions aim to enhance liquidity and improve financial flexibility by supporting working capital requirements and funding growth initiatives. The negotiations for the RWB Credit Facility are being conducted in accordance with customary practices and are expected to be finalized within 30 days.

As at the consolidated financial statements’ balance sheet date of March 31, 2023, the Proposed Transaction and the related subsequent events had not yet been completed. Consequently, the consolidated financial statements do not reflect the impact of the Proposed Transaction. The Company will reassess and determine the appropriate accounting treatment once the Proposed Transaction is finalized and all necessary approvals are obtained.



Annual Information Form
For the twelve months ended March 31, 2023
Dated June 29, 2023

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ABOUT THIS ANNUAL INFORMATION FORM

In this annual information form (“AIF” or “Annual Information Form”), unless the context otherwise requires, “Aleafia Health” refers to Aleafia Health Inc. and the “Company” refers to Aleafia Health and its affiliates and subsidiaries, as set out below under “Intercorporate Relationships”.

All financial information in this Annual Information Form is prepared in Canadian dollars and using International Financial Reporting Standards as issued by the International Accounting Standards Board. Any reference to “Canadian dollars” or “\$” are to the currency of Canada.

This AIF applies to the business activities and operations of the Company for the twelve months ended March 31, 2023, with certain information updated to reflect changes occurring up to the date of this AIF. Unless otherwise indicated, the information in this AIF is given as of March 31, 2023.

This AIF contains Company names, product names, trade names, trademarks and service marks of the Company and other organizations, all of which are the property of their respective owners.

The information contained in this AIF, including news releases and other disclosure items of the Company, is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com under the Company’s profile. The Common Shares (as defined herein) of Aleafia Health are traded on the Toronto Stock Exchange under the symbol “AH”, on the OTCQB Best Market (“OTCQB”) in the United States under the ticker symbol “ALEAF”, and on the Frankfurt Stock Exchange (“FSE”) trading under the ticker symbol “ARAH”.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This AIF contains forward-looking statements or information (collectively “forward-looking statements”) which are based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs.

In some cases, these forward-looking statements can be identified by words or phrases such as “may”, “believes”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues”, “plans”, “aim”, “seek” or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on current expectations and projections about future events and financial trends that they believe may affect the Company’s financial condition, results of operations, business strategy and financial needs, as the case may be.

Forward-looking statements relating to the Company include, among other things, statements relating to:

- the Company’s business objectives and milestones and the anticipated timing of execution;
- the performance of the Company’s business and operations;
- the intention to expand the business, operations and potential activities of the Company;
- the methods used by the Company to deliver cannabis;
- the projected increase in production capacity;
- the competitive conditions of the cannabis industry;
- the competitive and business strategies of the Company;
- the Company’s anticipated operating cash requirements and future financing needs;
- the anticipated future gross revenues and profit margins of the Company’s operations;
- the Company’s expectations regarding its revenue, expenses and operations;

- impacts of litigation or potential litigation;
- the Company's intention to build brands and develop cannabis products targeted to specific segments of the market;
- the ongoing and proposed expansion of the Company's facilities, products or services, including associated costs and any applicable Health Canada licencing;
- the current political, legal and regulatory landscape surrounding medical and recreational cannabis and expected developments in any jurisdiction in which the Company operates or may operate;
- the receipt of any regulatory and stock exchange approvals required at any given time;
- the applicable laws, regulations and any amendments thereof;
- medical benefits, viability, safety, efficacy and dosing of cannabis;
- the expected growth in the number of patients;
- the expected number of grams of medical cannabis used by each patient;
- expectations with respect to the advancement and adoption of new product lines and ingredients;
- the acceptance by customers and the marketplace of new products, services or solutions;
- the ability to attract new customers and develop and maintain existing customers;
- expectations with respect to future production costs and capacity;
- expectations and anticipated impact of the novel coronavirus ("COVID-19") pandemic;
- expectations with respect to the receipt, renewal, amendment and/or extension of the Company's permits and licences;
- the ability to protect, maintain and enforce the Company's intellectual property rights;
- the ability to successfully leverage current and future strategic partnerships and alliances;
- the ability to attract and retain personnel;
- anticipated labour and materials costs;
- the Company's competitive condition and expectations regarding competition, including pricing and demand expectations and the regulatory environment in which the Company operates; and
- anticipated trends and challenges in the Company's business and the markets and jurisdictions in which the Company operates or may operate.

Forward-looking statements are based on certain key assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors the Company believes are appropriate and are subject to risks and uncertainties and include assumptions made by the Company about its business, the economy and the cannabis industry in general. Although management believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, shareholders and prospective purchasers of the Company's securities should not place undue reliance on these forward-looking statements. The above list of forward-looking statements is not exhaustive and whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

Certain of the forward-looking statements contained herein concerning cannabis, the general expectations of the Company related thereto, and the Company's business and operations are based on estimates prepared by the Company using data from publicly available governmental sources, as well as from market research and

industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the current cannabis industry involves risks and uncertainties that are subject to change based on various factors. It is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Readers are cautioned that actual future results may differ materially from management's current expectations and the forward-looking statements contained in this AIF are expressly qualified in their entirety by this cautionary statement. For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this AIF, please see "*Risk Factors*".

MARKET AND INDUSTRY DATA

This AIF may contain market and industry data and forecasts obtained from third-party sources, industry publications and publicly available information. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management believes the data to be reliable, the Company has not independently verified any of the data from third-party sources referred to in this AIF, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

DEFINITIONS

The following is a glossary of certain general terms used in this Annual Information Form, including the summary hereof. Terms and abbreviations used in the financial statements included in, or appended to, this Annual Information Form are defined separately, and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**2022 Warrant**" has the meaning set out in "*Three Year History – Fiscal 2022 (from April 1, 2022 to March 31, 2023)*";

"**2024 Debentures**", "**2026 Debentures**" and "**2028 Debentures**" have the meanings set out in "*Three Year History – Fiscal 2022 (from April 1, 2022 to March 31, 2023)*";

"**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulations*;

"**AGCO**" means the Alcohol and Gaming Commission of Ontario;

"**AGLC**" means Alberta Gaming, Liquor and Cannabis;

"**Aleafia Farms**" means Aleafia Farms Inc.;

"**Aleafia PrivateCo**" means Aleafia Inc., prior to the Business Combination;

"**Amending Regulations**" has the meaning set out in "*Regulation of Cannabis in Canada – Cannabis Tracking System*";

“**Arrangement**” means the plan of arrangement completed under the *Canada Business Corporations Act* as contemplated by the Arrangement Agreement;

“**Arrangement Agreement**” means the arrangement agreement dated December 18, 2018 between Aleafia Health and Emblem Corp.;

“**Audit Committee**” has the meaning set out in “*Audit Committee and Related Information*”;

“**Business Combination**” means the three-cornered amalgamation among Canabo Medical Inc., 2412550 Ontario Inc. and Aleafia PrivateCo resulting in the amalgamation of 2412550 Ontario Inc. and Aleafia PrivateCo to form Aleafia Inc. on March 26, 2018;

“**Business Combination Agreement**” means the business combination agreement dated January 31, 2018 among Canabo Medical Inc., 2412550 Ontario Inc. and Aleafia PrivateCo pursuant to which the parties completed the Business Combination;

“**Canabo**” means Canabo Medical Corporation;

“**Canabo Clinics**” means the medical cannabis clinics operated by Canabo;

“**Canada FDA**” has the meaning set out in “*Regulation of Cannabis in Canada*”;

“**Cannabis Act**” means the *Cannabis Act* (Canada);

“**Cannabis Regulations**” means the regulations promulgated under the *Cannabis Act* (Canada);

“**CannaPacific**” means CannaPacific Pty Ltd., a licensed medical cannabis Company in Newcastle, Australia in which Aleafia Health has a 10% interest;

“**CDSA**” means the *Controlled Drugs and Substances Act* (Canada);

“**CEWS**” has the meaning set out in “*Legal Proceedings and Regulatory Actions – CEWS Matter*”;

“**Charter**” has the meaning set out in “*Audit Committee and Related Information*”;

“**Clinics**” means, collectively, the Canabo Clinics and the GrowWise Education Centres;

“**Combined Company**” has the meaning set out in “*Three Year History – Recent Developments*”;

“**Common Shares**” means the common shares in the capital of Aleafia Health;

“**Computershare**” means Computershare Trust Company of Canada;

“**Convertible Debentures**” has the meaning set out in “*Three Year History – Fiscal 2022 (from January 1, 2021 to March 31, 2022)*”;

“**COVID-19**” means the novel coronavirus;

“**CRA**” has the meaning set out in “*Legal Proceedings and Regulatory Actions – CEWS Matter*”;

“**Credit Facility**” has the meaning set out in “*Three Year History – Fiscal 2022 (from January 1, 2021 to March 31, 2022)*”;

“**Debenture Amendments**” has the meaning set out in “*Three Year History – Fiscal 2022 (from April 1, 2022 to March 31, 2023)*”;

“**Debentureholders**” has the meaning set out in “*Three Year History – Fiscal 2022 (from January 1, 2021 to March 31, 2022)*”;

“**December Facility Forbearance Agreement**” has the meaning set out in “*Three Year History – Fiscal 2022 (from January 1, 2021 to March 31, 2022)*”;

“**December 2021 Facility**” means the loan agreement dated December 24, 2022, as amended, that provides a term facility of \$12.0 million and access to a revolving facility up to \$7.0 million;

“**Distribution Centre**” means the Company’s cannabis distribution centre located in Concord, Ontario;

“**Distribution Centre Licence**” means the Health Canada licence issued to Emblem on February 12, 2021, expiring on February 12, 2024;

“**Emblem**” means Emblem Cannabis Corporation, an indirect, wholly-owned subsidiary of Aleafia Health;

“**Emblem Corp.**” means Emblem Corp., a direct, wholly-owned subsidiary of Aleafia Health;

“**EU-GMP**” means a European Union Good Manufacturing Practices;

“**Exchange Ratio**” has the meaning set out in “*Three Year History – Recent Developments*”;

“**Facilities**” means, together, the Niagara Facility, the Paris Facility, the Port Perry Facility, and the Distribution Centre;

“**Forbearance Agreement**” has the meaning set out in “*Three Year History – Fiscal 2022 (from January 1, 2021 to March 31, 2022)*”;

“**GACP**” means Good Agricultural and Collecting Practices;

“**GrowWise Health**” means GrowWise Health Limited, an indirectly, wholly-owned subsidiary of Aleafia Health;

“**GrowWise Education Centres**” means the medical cannabis education centres operated by GrowWise Health;

“**IT**” means information technology;

“**LCRB**” means the Liquor & Cannabis Regulation Branch (British Columbia);

“**LDB**” means the Liquor Distribution Branch (British Columbia);

“**Lender**” has the meaning set out in “*Three Year History – Fiscal 2022 (from January 1, 2021 to March 31, 2022)*”;

“**Letter Agreement**” has the meaning set out in “*Three Year History – Recent Developments*”;

“**Licences**” means licences issued in accordance with the *Cannabis Act* and *Cannabis Regulations*;

“**Licensed Producer**” means a licensed producer, as defined in the *Cannabis Act*;

“**Loan Agreement**” has the meaning set out in “*Three Year History – Fiscal 2022 (from January 1, 2021 to March 31, 2022)*”;

“**Loan Amending Agreements**” has the meaning set out in “*Three Year History – Fiscal 2022 (from January 1, 2021 to March 31, 2022)*”;

“**Loan Assignment Agreement**” has the meaning set out in “*Three Year History – Recent Developments*”;

“**May 2020 Offering**” means the Company’s \$15.0 million bought deal offering of 23,000,000 units of the Company at a price of \$0.65 per unit, for gross proceeds of \$15.0 million that closed on May 29, 2020;

“**MLLC**” means Manitoba Liquor & Lotteries Corp.;

“**MMAR**” means that *Marijuana Medical Access Regulations*;

“**MMPR**” means that *Marijuana for Medical Purposes Regulations*;

“**New Classes of Cannabis**” has the meaning set out in “*Regulation of Cannabis in Canada – Cannabis Tracking System*”;

“**New Convertible Debentures**” has the meaning set out in “*Three Year History – Fiscal 2022 (from April 1, 2022 to March 31, 2023)*”;

“**New Credit Facility**” has the meaning set out in “*Three Year History – Recent Developments*”;

“**NHPs**” has the meaning set out in “*Regulation of Cannabis in Canada – Health Products and Cosmetics Containing Cannabis*”;

“**NHPR**” means the *Natural Health Products Regulations*;

“**Niagara Facility**” means the Company’s licensed production facility located in Grimsby, Ontario;

“**NI 52-110**” has the meaning set out in “*Audit Committee and Related Information*”;

“**Niagara Licence**” means the license for standard cultivation issued by Health Canada to Aleafia Farms on March 13, 2020, expiring March 13, 2023;

“**Notes**” has the meaning set out in “*Three Year History – Fiscal 2022 (from April 1, 2022 to March 31, 2023)*”;

“**OBCA**” means the *Business Corporations Act* (Ontario);

“**OCRC**” means the Ontario Cannabis Retail Corporation;

“**OCS**” means the Ontario Cannabis Store;

“**One Plant**” means One Plant (Retail) Corp., a corporation in which Aleafia Health has ~9% indirect interest;

“**Paris Facility**” means the Company’s production facility located in Paris, Ontario;

“**Paris Phase II Expansion**” has the meaning set out in “*Production Facilities and Licences – Paris Facility*”;

“**Paris Licence**” means the licence for standard cultivation, standard processing and sale for medical purposes issued by Health Canada to Emblem on August 26, 2015 as amended, expiring July 26, 2022;

“**PDL**” has the meaning set out in “*Regulation of Cannabis in Canada – Health Products and Cosmetics Containing Cannabis*”;

“**PIPEDA**” means the *Personal Information Protection and Electronic Documents Act*;

“**Port Perry Facility**” means the Company’s production facility located in Blackstock, Ontario;

“**Port Perry Phase II Expansion**” has the meaning set out in “*Production Facilities and Licences – Port Perry Facility*”;

“**Port Perry Licence**” means the license for standard cultivation issued by Health Canada to the predecessor of Aleafia Farms on October 13, 2017, renewed on December 9, 2020, and expiring on October 9, 2023;

“**Private Placement**” has the meaning set out in “*Three Year History – Fiscal 2022 (from April 1, 2022 to March 31, 2023)*”;

“**Proposed Transaction**” has the meaning set out in “*Three Year History – Recent Developments*”;

“**Regulations**” has the meaning set out in “*Regulation of Cannabis in Canada*”;

“**Requirements**” has the meaning set out in “*Financial Risks – Compliance with TSX and OTCQB Requirements*”;

“**RGR**” means Royal Group Resources Ltd.;

“**RGR Advance**” has the meaning set out in “*Three Year History – Recent Developments*”;

“**RWB**” mean Red White & Blooms Brands Inc.;

“**RWB Credit Facility**” has the meaning set out in “*Three Year History – Recent Developments*”;

“**RWB Share**” has the meaning set out in “*Three Year History – Recent Developments*”;

“**SLGA**” means the Saskatchewan Liquor and Gaming Authority;

“**Transaction**” has the meaning set out in “*Three Year History – Fiscal 2022 (from April 1, 2022 to March 31, 2023)*”;

“**TSX**” means the Toronto Stock Exchange;

“**TSXV**” means the TSX Venture Exchange;

“**Units**” has the meaning set out in “*Three Year History – Fiscal 2022 (from April 1, 2022 to March 31, 2023)*”; and

“Warrants” has the meaning set out in “*Three Year History – Fiscal 2022 (from January 1, 2021 to March 31, 2022)*”.

CORPORATE STRUCTURE

Name, Address and Incorporation

Aleafia Health Inc. was incorporated under the *Business Corporations Act* (British Columbia) on February 2, 2007 as Wyn Metals Inc. Aleafia Health subsequently changed its name on the following dates:

- July 15, 2009: Wyn Metals Inc. changed its name to Award Ventures Ltd.;
- May 28, 2010: Award Ventures Ltd. changed its name to Auracle Resources Ltd.;
- June 16, 2015: Auracle Resources Ltd. changed its name to Four River Ventures Ltd.;
- November 9, 2016: Four River Ventures Ltd. changed its name to Canabo Medical Inc.; and
- March 26, 2018: Canabo Medical Inc. completed the Business Combination, pursuant to which it indirectly acquired all the issued and outstanding shares of Aleafia PrivateCo by virtue of amalgamation with 2412550 Ontario Inc. and changed its name to Aleafia Health Inc.

The Common Shares began trading on the TSXV under the symbol “ALEF” on March 28, 2018. On June 27, 2018, Aleafia Health was continued from British Columbia into Ontario under the OBCA.

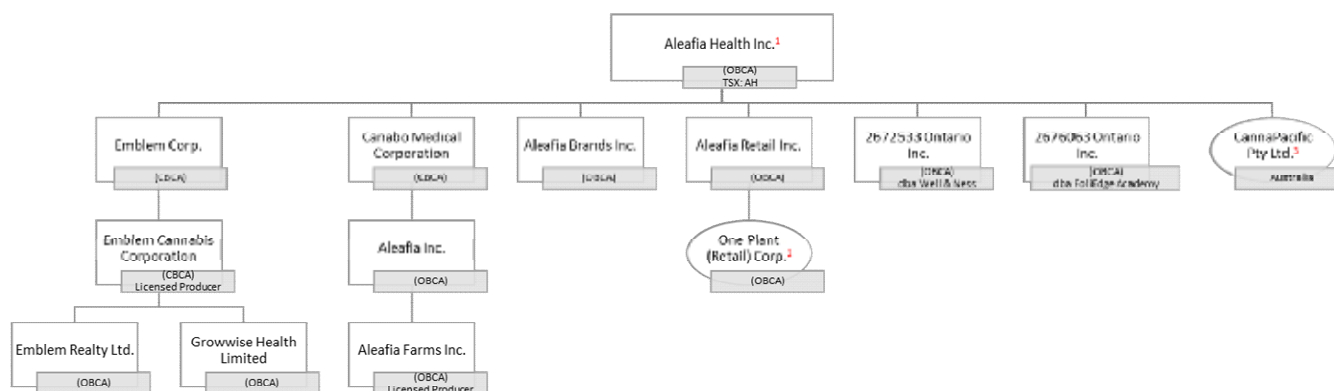
On March 14, 2019, Aleafia Health completed the Arrangement with Emblem Corp., pursuant to which, among other things, Aleafia Health acquired all of the issued and outstanding common shares of Emblem Corp. following Emblem Corp.’s amalgamation with Aleafia Health’s wholly-owned subsidiary, 11208578 Canada Inc., to form a new wholly-owned subsidiary of Aleafia Health continuing as “Emblem Corp.”

Following the completion of the Arrangement, on March 19, 2019, the Common Shares of Aleafia Health ceased trading on the TSXV and commenced trading on the TSX under its then existing symbol “ALEF”. In connection with the May 2020 Offering, the symbol changed to “AH” on May 27, 2020. The Common Shares are also listed for trading on the OTCQB under the ticker symbol “ALEAF”, and on the FSE trading under the ticker symbol “ARAH”.

Aleafia Health’s head and registered office is located at 85 Basaltic Road, Concord, Ontario and its corporate website is AleafiaHealth.com.

Intercorporate Relationships

As of the date of this AIF, Aleafia Health operates its business through various subsidiaries and associated businesses as described below. The following chart sets out the intercorporate relationships of Aleafia Health:



Notes:

1. All entities are 100% controlled by the parent entity unless otherwise stated.
2. Aleafia Retail Inc. owns ~9% of One Plant.
3. Aleafia Health Inc. owns ~10% of CannaPacific.

GENERAL DEVELOPMENT OF THE BUSINESS

Aleafia Health is a vertically integrated and federally licensed Canadian cannabis company offering cannabis health and wellness services and products in Canada and in international markets where it is legal to do so. The Company markets and sells a diverse portfolio of adult-use cannabis in most major Canadian provincial markets, operates virtual medical Clinics and education centres facilitating the sale of medical cannabis products in Canada, markets and sells cannabis products through regulated intermediaries into selected international markets, tactically sells cannabis products into Canadian wholesale markets, and owns and operates physical production facilities for the production of cannabis and cannabis products.

The Company owns four significant cannabis production and distribution facilities in Canada (all of which are currently licensed and operational), allowing the Company to cultivate cannabis and produce packaged consumer products for sale in Canada in the medical and adult-use markets and internationally. The Company's medical cannabis clinics and education centres in Canada are staffed by physicians, nurse practitioners and educators and have provided medical cannabis therapy.

THREE YEAR HISTORY

Fiscal 2020 (January 1, 2020 to December 31, 2020)

- On March 13, 2020, Aleafia Farms received a Health Canada Licence for its Niagara Facility. See "*Production Facilities and Licences*".
- On April 27, 2020, the Company announced the resignation of directors Julian Fantino and Raf Souccar, and on May 7, 2020 announced the resignation of director Bill Stewart. New directors Rhonda Lawson and Glenn Washer were appointed effective May 16, 2020.
- On May 4, 2020, Emblem received an amended Health Canada Licence for its Paris Phase II Expansion, which added 50,000 kg of extraction capacity. See "*Production Facilities and Licences*".

- On May 7, 2020, Aleafia Health Germany GmbH formally submitted its application for EU-GMP certification for the Paris Facility.
- On May 12, 2020, Aleafia Farms received an amended Health Canada Licence for its Port Perry Phase II Expansion. See “*Production Facilities and Licences*”.
- On May 29, 2020, the Company announced the closing of the May 2020 Offering, for a total issuance of 23,000,000 units of the Company at a price of \$0.65 per unit, for gross proceeds of \$15.0 million. In connection with the May 2020 Offering, the Company’s symbol on the TSX changed to “AH” on May 27, 2020.
- On June 25, 2020, the Company announced that it and its subsidiary Emblem and Aphria had entered into a settlement agreement to resolve their outstanding dispute in respect of the termination of the parties’ wholesale cannabis supply agreement. Under the terms of the agreement, Emblem received total consideration of \$29.1 million.
- On August 26, 2020 and August 17, 2020, respectively, Aleafia Health Germany received a controlled drug licence from the Federal Institute for Drugs and Medical Devices and a European Union Good Distribution Practice certification from the Cologne district government.
- During the fourth quarter of Fiscal 2020, the Company launched several new cannabis products including cannabis-infused sublingual strips, high-potency CBD oil, and 510 vape cartridges.

Fiscal 2022 (from January 1, 2021 to March 31, 2022)

- In Fiscal 2022, the Company initiated and effected a transition to being a branded cannabis Company. The Company now sells its products primarily through three sales channels: adult-use, medical, and international. Following the launch of the Company’s Sunday Market house of brands, adult-use revenue includes cannabis revenue from five new brands, which have has enjoyed market success. The Company’s strategy is to tactically sell through the bulk wholesale sales channel only where it has excess product or product not suitable for its other sales channels, to maximize net realizable margin from its own cultivation or third-party cultivation. Historically, the bulk wholesale sales channel had been an important vertical for the Company as it allowed the Company to opportunistically sell cannabis, oils, distillate isolate and other cannabis input materials to maximize net realizable margin on its cultivation harvest. With the launch of the Company’s adult-use Sunday Market House of Brands, and the improvement in the potency and quality of the Company’s outdoor harvest, it is now able to utilize that flower feedstock to support its own branded cannabis products.
- On January 29, 2021 Rhonda Lawson resigned as a director of the Company.
- On February 1, 2021, the board of directors appointed Luciano Galasso and Carlo Sistilli as independent directors to the Board. Mr. Galasso was appointed to the Strategic Planning Committee (which committee was subsequently ceased to operate) and Mr. Sistilli was appointed to the Audit Committee. In connection with the director appointments, the Company entered into a director nomination agreement with a group of shareholders of the Company representing approximately 15.65% of the issued and outstanding common shares of the Company. The Company also agreed to nominate seven directors for election at the 2021 Annual Meeting consisting of four current directors, Luciano Galasso and Carlo Sistilli, and one

independent director to be selected following a search process and approval by the Board, having regard to the Company's corporate governance and director nomination policies and the skills matrix of the Board.

- On February 2, 2021, the Company fully repaid in cash its 8% unsecured convertible debt, which matured on February 2, 2021.
- On February 11, 2021, the Company launched its new Canadian cannabis portfolio, Sunday Market. Under the trademarked Sunday Market family were four new distinct brands, each tailored to a specific consumer segment and featuring its own roster of cannabis products. The four brands were launched in the adult-use market, with some formats also being made available to patients of Aleafia Health's medical cannabis subsidiary, Emblem.
- On February 16, 2021, Emblem received a Health Canada Processing Licence for its new distribution centre. Located minutes from Toronto Pearson International Airport, the Distribution Centre greatly strengthened the Company's downstream supply chain, allowing for immediate expansion of same day delivery service, and eventual direct-to-retailer cannabis distribution. With the new distribution centre, later order cut-off times, weekend and after-hours deliveries, and an enlarged service area were enabled in addition to more efficient order fulfilment of adult-use shipments to provincial government wholesalers.
- On February 17, 2021, the Company announced that it agreed to increase the size of its previously announced "bought deal" offering of units led by Cantor Fitzgerald Canada Corporation as lead underwriter and sole bookrunner, on behalf of a syndicate of underwriters, pursuant to which such syndicate of underwriters agreed to purchase 24,000,000 units of the Company, on a "bought deal" basis pursuant to a short form prospectus offering, subject to all required regulatory approvals, at a price per Unit of \$0.83 for gross proceeds of \$19,920,000. Each unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant of the Company. Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$1.05, for a period of 24 months following the closing of the offering. The Company agreed to grant the underwriters an over-allotment option, solely for market stabilization and overallocation purposes, to purchase up to an additional 15% of the units at the issue price, exercisable in whole or in part, at any time on or prior to the date that is 30 days following the closing of the offering.
- On March 9, 2021, the Company closed its previously announced bought deal offering for a total issuance of 27,390,000 units of the Company at a price of \$0.83 per Unit for aggregate gross proceeds of \$22,733,700, which includes the partial exercise of the over-allotment option. Each Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant entitled the holder thereof to purchase one common share at an exercise price of \$1.05, for a period of 24 months following the closing of the offering.
- On April 7, 2021, the Company launched its everyday cannabis brand Divvy, tailored to frequent cannabis consumers who are both price and quality conscious. Divvy products are designed to be environmentally sustainable, both in their cultivation and packaging.

- On May 3, 2021, the Company announced that it had secured a Health Canada Research Licence for its cannabis product manufacturing Paris Facility. The licence allows the Company to conduct human sensory analysis and palatability trials, evaluating the taste, touch, smell and sight of its growing portfolio of differentiated medical and adult-use cannabis products.
- On June 3, 2021, the Company announced that dried flower grown at its Niagara greenhouse facility had been exported to Germany, through an EU-GMP certified facility. Gaining access to Germany's large legal cannabis market is an important breakthrough for Aleafia Health.
- On June 9, 2021, the Company announced the establishment of an at-the-market equity program which allowed the Company to issue and sell at its discretion Common Shares at the prevailing market price when issued.
- On June 21, 2021, the Company appointed Matt Sale as Chief Financial Officer of the Company.
- On June 29, 2021, the Company announced (i) the election of Ian Troop and Michael LeClair as independent directors to the Board (ii) the intention of Lea Ray and Loreto Grimaldi to resign as directors of the Board, within 30-days of such announcement, and (iii) the intention of the Board to appoint Jon Pereira as an independent director to the Board, concurrently with such resignations.
- On July 29, 2021, the Company announced the appointment of Mark J. Sandler as Chairman of the Board.
- On August 23, 2021, the Company announced the closing of a \$10.0 million senior secured term (non-revolving) credit facility (the "**Credit Facility**") with 1260356 Ontario Limited (the "**Lender**") to fund working capital and general corporate purposes. The full amount of the Credit Facility was drawn down by the Company on closing. The initial term of the Credit Facility was for one year with a fixed interest rate of 12%, with the interest and principal amounts due upon maturity. In addition, as partial consideration for the Credit Facility, the Company granted the Lender 1,000,000 Common Share purchase warrants (the "**Warrants**"), with each Warrant entitling the holder thereof to acquire one Common Share at an exercise price of \$0.32, subject to adjustment in certain circumstances, until August 20, 2023. The Warrants vest in equal instalments of 250,000 commencing on November 20, 2021, and subsequently every three months thereafter. The Credit Facility was initially secured by a first lien mortgage on the Paris Facility and Niagara Facility.

On December 24, 2021, the Company entered into an amendment with the Lender to revise certain terms of the Credit Facility. The maturity date was extended by approximately 16 months to December 24, 2023, the stated interest rate applicable changed to 12.45%, and the interest to begin paying in June 2022. In January 2022, \$5.0 million of principal along with accrued interest and fees were repaid. As a result of the early payment, the first lien mortgages on the Paris Facility and Niagara Facility, were replaced with second liens and additionally secured with a first lien mortgage on the facility in Port Perry, Ontario.

On June 23, 2022 the Company made its second amendment to the Credit Facility, whereby amongst other things it agreed to prepay an amount equal to \$622,500 as a prepayment of interest under the loan agreement in respect of the period beginning June 24, 2022 and ending

June 24, 2023. In addition, the Company agreed to grant the Lender a general security interest from the Company in favour of the Lender.

- On September 1, 2021, David Pasioka was appointed to the Board. Aleafia Health concurrently announced the departure of director Mike LeClair.
- In the second half of 2021, the Company completed the harvesting of its 2021 outdoor cannabis facility in Port Perry. A total of 11,600 kgs with an average THC potency of 22% was allocated for sale in the adult use market, primarily under Aleafia Health's everyday cannabis brand Divvy. By contrast, in 2020, the Company harvested only 500 kgs of THC dried flower which exceeded THC potency of 20%, a key threshold in the adult-use market. The material improvement in potency and yield is attributed to additional cultivars introduced in 2021, extensive R&D testing, along with improvements in site infrastructure.
- In December 2021, the Company entered into a new loan agreement (the "**Loan Agreement**") that provides for a term facility of \$12.0 million and access to a revolving facility up to \$7.0 million (the "**December 2021 Facility**"). The December 2021 Facility bears interest at a rate of the National Bank of Canada prime rate with a floor of 3.45% plus 9%, annually. The availability under the revolving facility is subject to an advance rate against certain accounts receivable balances. Both facilities are payable on the earlier of demand and two years from funding, being December 2023. The December 2021 Facility is secured by first lien mortgages on the Paris Facility and Niagara Facility and certain equipment and a general security agreements. The Company has been in breach of certain of its covenants under the December 2021 Facility and has received certain accommodations from the lender in respect thereof, some of which were conditioned on the completion of the Debenture Amendments and the Private Placement (each, as defined herein).

On each of March 28, 2022, June 17, 2022, April 26, 2023, May 15, 2023 and May 31, 2023, the Company and lender agreed to certain amendments to the Loan Agreement (the "**Loan Amending Agreements**") to provide for ongoing funding under the revolving facility despite one or more breaches of existing covenants.

On June 1, 2023, the Company announced that it had entered into a forbearance agreement with the lender to forbear on enforcing the December 2021 Facility, which can be made payable on demand, until the earlier of (a) an event of default, or (b) June 5, 2023 (the "**December Facility Forbearance Agreement**"). The amended terms under the December Facility Forbearance Agreement provided for additional circumstances that would constitute an event of default as well as additional covenants imposed on the Company, including an obligation to repay the entire balance owing under the December 2021 Facility in certain circumstances.

On June 7, 2023, concurrent with entering into the Letter Agreement (as defined herein), the December 2021 Facility was assigned by the lender to RWB (as defined herein).

- On December 31, 2021, the Company announced that it had initiated negotiations with the holders of the Company's outstanding listed unsecured convertible debentures, issued on June 27, 2019 and maturing on June 27, 2022 (the "**Convertible Debentures**"). As negotiations were underway, the Company opted to not make an interest payment of \$1.6 million due on December 31, 2021, and did not make the payment within the 30-day cure period thereafter. The Company initially entered into a forbearance agreement (the "**Forbearance Agreement**")

with the Convertible Debenture holders (the “**Debentureholders**”) representing 58% of the Convertible Debentures’ aggregate principal amount outstanding and thereafter an additional 4% of holders entered into that agreement. The Forbearance Agreement’s initial term extended to February 28, 2022, and the agreement automatically renewed for 14-day periods thereafter until notice to the contrary is provided. Under the Forbearance Agreement, the Debentureholders agreed to, among other considerations, forebear in enforcing their rights or remedies against the Company under the indenture and otherwise at law with respect to the non-payment of interest. The Convertible Debentures were amended on June 27, 2022 and exchanged for the New Convertible Debentures (as defined below).

- On February 7, 2022, the Company appointed Tricia Symmes as Chief Executive Officer of Aleafia Health to replace Geoff Benic.
- As of March 7, 2022, the Company accepted the resignation of Manning Elliot LLP as the Company’s auditor and Accell Audit & Compliance, P.A. agreed to act as the Company’s auditor effective March 7, 2022. The resignation of the former auditor and the recommendation to appoint the successor auditor were approved by the Company’s Board of Directors. The Company confirmed that there were no modified opinions in the former auditor’s reports on the Company’s financial statements during the period in which the former auditor was the Corporation’s auditor. In the opinion of the Company, there were no reportable events, as defined in National Instrument 51-102 – Continuous Disclosure Obligations, during the period the former auditor was the auditor for the Company.

Fiscal 2022 (from April 1, 2022 to March 31, 2023)

- On April 5, 2022, the Company announced ongoing cost containment initiatives resulting in additional cost efficiencies identified representing a further \$4.4 million in annualized cost savings to be completed in the first quarter of fiscal 2023. Together with previously implemented cost savings, the savings represent a total of \$6.7 million in annualized cost reductions.
- On May 12, 2022 Aleafia announced an agreement in principle with the convertible Debentureholder-nominated steering committee to amend certain key commercial terms of its Convertible Debentures (the “**Debenture Amendments**”). In connection with the Debenture Amendments, the Company entered into subscription agreements for units of the Company (the “**Units**”), comprised of Common Shares and one-half of one Common Share purchase warrant (each whole warrant, a “**2022 Warrant**”), representing aggregate gross proceeds of \$5.6 million on a private placement basis (the “**Private Placement**”). The Debenture Amendments and the Private Placement were conditional on terms further described below (the Debenture Amendments and the Private Placement are referred to collectively as the “**Transaction**”). The Private Placement was completed on June 24, 2022 and the Debenture Amendment was completed on June 27, 2022 following approval of Debentureholders by an extraordinary resolution in writing.

Debenture Amendments

The Debenture Amendments entailed the exchange of the Convertible Debentures for new convertible debentures (the “**New Convertible Debentures**”) issued in three equal, separate tranches, maturing in 2, 4 and 6 years from the date of issuance (the “**2024 Debentures**”, “**2026**

Debentures”, and “**2028 Debentures**”, respectively). The interest rate remained at 8.5%, but the New Convertible Debentures have no mandatory cash interest payment for 30 months as interest will initially be paid-in-kind with additional New Convertible Debentures, reducing near-term debt servicing requirements. The conversion price was significantly reduced to \$0.25 for the 2024 Debentures, \$0.30 for the 2026 Debentures, and \$0.35 for the 2028 Debentures. The New Convertible Debentures were granted security against certain assets of the Company, but are fully subordinated to the Company's existing senior secured debt. The Company is precluded from incurring further senior secured indebtedness, subject to certain exceptions including to fund working capital, capital expenditures, and strategically accretive acquisitions. Debentureholders who approved the Debenture Amendments received a consent fee calculated as the amount of accrued interest on the existing Convertible Debentures between July 1, 2021 and the effective date of the Debenture Amendments, payable in additional 2028 Debentures at par. The New Convertible Debentures are subject to a four month and one day hold commencing on the date of issuance in accordance with applicable Canadian securities laws. The 2024 Debentures, 2026 Debentures and 2028 Debentures are listed on the facilities of the TSX under the symbols “AH.DB.A, AH.DB.B and AH.DB.C”, respectively.

Private Placement

Under the Private Placement, 68,151,515 Units were issued at a price of \$0.0825 each. Each Unit consisted of one Common Share in the capital of Aleafia Health and one-half of a 2022 Warrant. The 2022 Warrants are exercisable into one Common Share at an exercise price of \$0.1025 for a period of four years from the date of issuance. The expiry date of the 2022 Warrants can be accelerated by the Company at any time and upon 30 days' notice, if the closing price of the Common Shares on the TSX is greater than \$0.165 for any 10 consecutive trading days following the date that is 4 months and one day after the date of issuance and prior to the expiry date of the 2022 Warrants. The completion of the Private Placement was conditional on: (i) the execution of voting support agreements by holders of at least 66 2/3% of the principal amount of Convertible Debentures pursuant to which such holders will agree to vote in favour of the Debenture Amendments, or receipt of Debentureholder approval of the Debenture Amendments; (ii) access to the full advance rate based on eligible receivables funding under the December 2021 Facility; (iii) granting additional security against certain assets of the Company in favour of the lenders under the Credit Facility, which are subordinated to the December 2021 Facility; and (iv) additional customary closing conditions. All of the securities issued in connection with the Private Placement are subject to a customary four month and one day hold in accordance with applicable Canadian securities laws. The net proceeds from the Private Placement will be used to fund working capital and capital expenditures for the Company's continued growth, and other general corporate purposes. A finder's fee of 3,407,500 Common Shares was paid to a finder in connection with the Private Placement. On June 24, 2022, the Company announced the closing of the Private Placement.

- During the fiscal year ended March 31, 2023, the Company issued three promissory notes totaling \$4.5 million, each carrying a fixed 12.75% interest rate, which interest will accrue and be paid bi-monthly. The first note of \$1.0 million was issued on December 16, 2022, the second note of \$1.5 million was issued on January 24, 2023, and the third note of \$2.0 million was issued on February 28, 2023 (collectively, the “**Notes**”). All three Notes become due and payable on December 31, 2024. The Company intends to use the proceeds from the Notes to fund working capital.

- On January 30, 2023, the Company announced the retirement of Mark Sandler from the Board and that David Pasieka would succeed Mr. Sandler as Board Chair.

Recent Developments

- On June 7, 2023, the Company announced it had entered into a binding letter agreement on June 6, 2023 (the “**Letter Agreement**”) with RWB, whereby RWB had agreed to acquire the Company and its subsidiaries in a business combination transaction (the “**Proposed Transaction**”) by way of a plan of arrangement.

Proposed Transaction

Under the terms of the Letter Agreement, each Common Share will be exchanged for 0.35 of a common share in the capital of RWB (each, an “**RWB Share**”), subject to customary adjustment (the “**Exchange Ratio**”). Upon the completion of the Proposed Transaction, existing RWB shareholders are expected to own approximately 76% of the entity resulting from the Proposed Transaction (the “**Combined Company**”) and shareholders of the Company are expected to own approximately 24% of the Combined Company. Outstanding options and warrants to purchase Common Shares will become exercisable to acquire RWB Shares on the same terms and conditions, on the basis of the Exchange Ratio. Outstanding restricted and deferred share units of the Company will be settled upon closing in RWB Shares on the basis of the Exchange Ratio.

The Proposed Transaction will require the approval of: (a) (i) two-thirds of the votes cast by shareholders of the Company, and, if required, (ii) a simple majority of the votes cast by minority shareholders of the Company in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, at a special meeting of shareholders of the Company expected to take place in the third quarter of 2023; (b) Debentureholders of the requisite percentage of the principal amount of each series of New Convertible Debentures; and (c) if required, RWB shareholders at a special meeting of RWB shareholders expected to take place in the third quarter of 2023.

Completion of the Proposed Transaction will be subject to customary closing conditions and receipt of necessary court and regulatory approvals, including stock exchange approval. Subject to receipt of all necessary approvals, the Proposed Transaction is expected to close by no later than 5:00 p.m. on October 31, 2023.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction on or before July 31, 2023. The Letter Agreement contains, and the arrangement agreement will continue to contain, standard non-solicitation and superior proposal provisions and a break fee of C\$2 million.

Assignment of Secured Debt

Concurrent with entering into the Letter Agreement, on June 6, 2023, the December 2021 Facility was assigned by NE SPC II LP to RWB (the “**Loan Assignment Agreement**”).

Credit Facility and Settlement of Aleafia Convertible Debentures

Pursuant to the Letter Agreement, within 30 days of the Letter Agreement, RWB and the Company will negotiate in good faith a credit facility to be provided by RWB to Aleafia of \$17.5 million (the “**RWB Credit Facility**”). In the event that either party terminates the Letter Agreement or arrangement agreement, the board of directors of Aleafia Health does not unanimously recommend that shareholders of the Company vote in favour of the Proposed Transaction or the Proposed Transaction fails to gain any of the prerequisite approvals required to close, including but not limited to any required security holder approvals, such as the approval of the Debentureholders, or court approval of the Arrangement, or if any conditions to closing the Proposed Transaction are not satisfied or waived, the due date of the RWB Credit Facility will accelerate.

RWB also intends to secure a \$30 million credit facility (the “**New Credit Facility**”). The proceeds from the New Credit Facility will serve multiple purposes, including the funding of the assignment of the December 2021 Facility to RWB, full and final settlement of all outstanding principal and accrued interest and any other amounts owing in respect of the New Convertible Debentures, funding working capital requirements and targeted growth initiatives of the Combined Company, and covering general corporate expenses and transaction costs associated with the Proposed Transaction.

Concurrently with the execution of the Letter Agreement, RGR, an existing creditor of both RWB and Aleafia, provided RWB with \$14.0 million as an advance under RWB’s existing secured note in favour of RGR dated March 27, 2023 (the “**RGR Advance**”). The RGR Advance will be retired upon closing of the New Credit Facility. Also concurrent with the execution of the Letter Agreement and upon receipt of the RGR Advance, RWB will enter into an agreement to advance to Aleafia an amount equal to \$1.5 million under the December 2021 Facility.

DESCRIPTION OF THE BUSINESS

General

See “*General Development of the Business - Period Following the Business Combination (March 28, 2018-December 2018)*” and “*General Development of the Business - Recent Developments*”.

The Company’s sales and growth strategy is centred on the three priority markets, Canadian adult-use, Canadian medical, and international medical.

Production Facilities and Licences

A key competitive advantage for the Company is the strength of its closed loop production ecosystem, across its four federally licensed and operational production and distribution facilities. On an annualized basis, the Company can cultivate up to 31,200 kgs of usable dried cannabis (being dried cannabis with a THC potency of 18% or more) and extract up to 50,000 kgs.

The Company’s cannabis products are cultivated and manufactured at the following Facilities:

Facility	Cultivation Capacity KGs (annual)		Extraction Capacity KGs (annual)	
		Current		Current
Port Perry Facility		20,000		-
Paris Facility		1,200		50,000
Niagara Facility		10,000		-
Total capacity		31,200		50,000

Paris Facility

The Paris Facility features cultivation rooms and handles all extraction, finished goods manufacturing and packaging for the Company’s medical, adult-use and international sales. The indoor cultivation at the Paris Facility is primarily used for craft-designated dried flower products.

The expansion of the Paris Facility, licensed in Q2 2020, is entirely dedicated to the extraction, production and packaging of value-added cannabis edible and health and wellness products. The expansion allows the Company to process and package all flower cultivated at its Port Perry Facility outdoor cultivation site. The Paris Phase II expansion increased the Company’s licensed extraction, packaging and processing area from 2,500 sq. ft. to 20,000 sq. ft. (“**Paris Phase II Expansion**”). It features multiple automated packaging lines and rooms dedicated to the production of new product formats, along with in-house quality control analytical testing. Currently, the Company’s machinery at the Paris Facility allows for annualized extraction of 50,000 kgs of dried cannabis flower. The expansion is purpose-built to meet EU-GMP standards, which represents the highest standard of pharmaceutical-grade production in the world.

Paris Licence

On August 26, 2015, Health Canada issued producer’s license number 10-MM0167 to Emblem. The Paris Licence has a current term ending on January 20, 2028. The Paris Licence has been amended as follows:

- July 27, 2016 to authorize the sale of cannabis and to permit increased production;
- April 28, 2017 to authorize the production of cannabis oils;
- October 6, 2017 to authorize three additional grow rooms;
- November 3, 2017 to authorize the sale of cannabis oil;
- January 31, 2018 to authorize the sale of cannabis resin;
- March 22, 2018 to authorize the sale of encapsulated cannabis oils;
- June 28, 2018 to authorize one additional storage room and one additional production room
- November 09, 2018 to authorize the migration of the Paris Licence to the Cannabis Act Health Canada issued a Standard Cultivation, Standard Processing and Sales for Medical Purposes Licence number LIC-0CNIN0V9QK in place of the license number above;
- November 05, 2019 to authorize one additional storage room;
- November 06, 2019 to authorize the sale of cannabis topicals, cannabis extracts and edible cannabis;
- May 1, 2020 to authorize cannabis production in the Paris Phase II Expansion; and
- December 23, 2021 to authorize thirteen additional storage rooms.

Port Perry Facility

The Company's Port Perry Facility features 7,000 sq. ft. of indoor cannabis cultivation facilities, along with an 86-acre outdoor cannabis cultivation site. The Company pursued outdoor cultivation due to significantly lower facility capital costs and operating costs relative to indoor and greenhouse cultivation.

An expansion licence amendment was secured on May 12, 2020 increasing the Port Perry Facility's licensed cultivation area from 26 acres to 86 acres ("**Port Perry Phase II Expansion**"). The Company completed the harvesting of its 2021 outdoor cannabis facility in Port Perry in the fourth quarter. A total of 11,600 kgs with an average THC potency of 22% was allocated for sale in the adult-use market, primarily under Aleafia Health's everyday cannabis brand Divvy in the pre-roll and milled flower categories. By contrast, in 2020, the Company harvested only 500 kgs of THC dried flower which exceeded THC potency of 20%, a key threshold in the adult-use market. The material improvement in potency and yield is attributed to additional cultivars introduced in 2021, extensive R&D testing, along with improvements in site infrastructure.

Port Perry Licence

On October 13, 2017, Health Canada issued a producer's licence to Aleafia Farms. The Port Perry Licence expires on October 9, 2023 and has been amended as follows:

- (i) August 31, 2018 to authorize the sale of cannabis to Licensed Producers;
- (ii) June 7, 2019 to authorize outdoor cultivation in outdoor grow zone 1;
- (iii) July 12, 2019 to authorize outdoor cultivation in outdoor grow zones 2, 3 and 4;
- (iv) October 10, 2019 to authorize drying in additional facility areas;
- (v) February 28, 2020 to authorize storage in additional facility areas.
- (vi) May 12, 2020 to authorize outdoor cultivation in outdoor grow zone 5;
- (vii) October 9, 2020 to authorize drying and storage in additional facility areas; and
- (viii) On December 9, 2020, Health Canada issued a Licence renewal, which expires on October 9, 2023.

Niagara Facility

The Niagara Facility features a highly advanced, automated, moving container bench system, which allows for a perpetual, year-round harvest. Upon initial licensing in March 2020, it was primarily used as a staging ground for the 2020 outdoor cultivation at the Company's Port Perry Facility. In late-2020, the Company completed an inspection with certified auditors, who certified the facility to be operating in compliance with GACP. Since December 2022, the Niagara Facility has been inactive and the Company is presently in discussions about a potential sale.

Niagara Licence

On March 13, 2020, Health Canada issued producer's licence number LIC-VTQAQTTMOL to Aleafia Farms. The license was subsequently amended, such that it authorizes cultivation, propagation, harvesting and sale of

cannabis in a 140,000 sq. ft. of greenhouse area and a 20,000 sq. ft. post-cultivation operations area. The Niagara Licence expires on June 13, 2024.

Distribution Centre

Strategically located in the Greater Toronto Area, the Distribution Centre allows the Company to significantly improve delivery times for its AssureHome Delivery medical cannabis delivery service and expand its geographic service area to other major metropolitan areas. The Distribution Centre fulfills orders to other licence holders, medical patients and adult-use provincial wholesalers. The Distribution Centre also provides cannabis storage services to licensed third parties.

Distribution Centre Licence

On February 12, 2021, Health Canada issued license LIC-CTHF6SVA0C to Emblem in respect of the Distribution Centre, which expires on February 12, 2024, and authorizes cannabis storage and the fulfilment of orders to other licence holders, medical patients and adult-use provincial wholesalers.

Health and Wellness Services

Clinics and Patient Education Centres

Aleafia Health operates a national network of medical cannabis clinics through its Canabo Clinics brand. Clinics are operated by qualified physicians and nurse practitioners, among others, and provide independent medical cannabis evaluations for patients. Physicians and nurse practitioners operate within the federal and applicable provincial frameworks that govern them in Canada, they prescribe dosage amounts (e.g., THC-CBD ratios) and provide guidance on product composition and formats. Authorized physicians and nurse practitioners do not refer patients to any particular products of Licensed Producers of cannabis and are compensated solely on per patient visit – the compensation of physicians, nurses, educators and staff of the Company’s Clinics is in no way determined, directly or indirectly, by a patient’s product selection or ultimate purchase decision.

New patients who are authorized to use cannabis products for medical purposes at a Clinic subsequently receive an introductory cannabinoid education session with a Clinic educator, who is responsible for helping the patient navigate the cannabis regulatory system, providing patient education with respect to treatment with cannabinoids and medical cannabis generally, the different cannabis cultivars and cannabinoid profiles, how to access medical cannabis from Licensed Producers. They also address common questions around accessing insurance coverage, compassionate pricing, concerns about domestic and international travel, and potential side effects of cannabis. The educator acts as a resource for each patient after the initial assessment. Educators provide patients with education on safety and side effects, customized treatment plans and ongoing support, while reducing the administrative burden of cannabis authorization on the physician and their Clinic.

Adult-Use Brand Portfolio

Divvy is the Company’s main adult-use brand. It represents the vast majority of the Company’s sales in the adult-use sales channel. In addition to Divvy, there are three other supporting brands serving distinct segments of the adult-use market.

Divvy Cannabis brings frequent cannabis users good quality products at value-oriented price-points. With flower harvested from our hybrid greenhouse and outdoor operations, Divvy flower products include whole flower, milled flower, pre-rolls, vapes and oils.

Noon & Night is a CBD-forward line of familiar wellness products. Noon & Night is highly differentiated, filling a gap in the cannabis brand landscape with its exclusive focus on wellness-conscious consumers.

Kin Slips are cannabis-infused sublingual strips, an edible alternative that are discreet, precise, and provide rapid onset. Kin Slips are formulated with peppermint oil to deliver a fresh minty sensation. They are vegan, sugar-free, contain only natural ingredients, and come in roughly the size of a postage stamp.

Medical Brand Portfolio

The Company serves the Canadian medical cannabis market with the Emblem brand. It also opportunistically offers select products from its Sunday Market House of Brands and other limited time promotional products to its medical patients to better serve their needs.

From our team of growers to our client care team, each member of the Company's team works toward giving patients the best medical cannabis experience. Emblem is the heart of Aleafia Health's unique medical cannabis ecosystem, as a trusted brand and secure ecommerce marketplace with a reputation for product excellence.

CANNABIS PRODUCTS

The Company currently produces a diverse portfolio of cannabis products which it sells into the provincial adult-use sales channels, to medical cannabis patients, to other Licensed Producers, and internationally to the Germany and Australia medical-use markets. The Company continued its strategic expansion of its product portfolio, as outlined below. The Company aims to utilize its diverse craft indoor and outdoor cultivation in high margin, unique product formats tailored to the various need-states of cannabis consumers and patients.

Pre-rolls

The Company utilizes flower from its Port Perry outdoor cultivation facility to supply its pre-roll offering, which represents the second largest product category in the Canadian cannabis market, according to data from HiFyre. The 2022 Port Perry harvest delivered a new record with respect to high THC potency usable flower supply, which when combined with the strategic outsourcing of pre-roll manufacturing, allows Aleafia Health to deliver significantly improved product availability, and new larger format SKUs including a 12-pack of 0.35 gram pre-rolls in a recognizable, reusable package. In Q1 FY2023, the Company launched a 7-pack of 1-gram pre-rolls in the Alberta and Ontario markets (May 2022 and June 2022, respectively) which were well-received by consumers. Further pre-roll formats launched in Spring 2023, including 12-packs and 56-packs of traditional 0.5 gram pre-rolls, and the Company is scheduled to launch into the fast growing infused pre-roll market later in Q1 FY2024.

Milled (Cropped)

Driven by the expansion of its Port Perry outdoor cultivation facility and relentless focus on high-quality usable flower, the Company has launched and seen tremendous success in its pre-ground milled offering. Having launched in Q3 2021, the milled products under the Divvy brand have quickly gained market share, reaching a peak #2 market share ranking for fiscal year 2023 in Ontario, the largest provincial market in Canada. Building upon the success of the initial two SKUs, both Alberta and Ontario have picked up the product in larger formats as well as a CBD offering.

Dried Flower

The Company has undertaken an expansion of its dried flower offering, which is the largest product category in the Canadian cannabis market, according to data from HiFyre. Driven by the continued ramp-up of procurement from third-party growers, the Company is able to deliver greater product availability, and new larger format stock-keeping-units ("SKU") including 7, 14, and 28-gram flower pouches. Sales of these products and other new dried flower SKUs commenced during Q2 & Q3 2022, under the Divvy brand.

Vapes

The Company's vape portfolio is inspired by a robust portfolio of cultivars. The custom-made, unique terpene blends in Divvy vapes deliver robust flavours and consistent effects. Additional Divvy SKUs, including new THC-dominant flavour profiles, a CBD dominant full-spectrum, and a balanced THC: CBD vape have been listed in multiple markets. New bold flavour profiles are entering the market this Spring, and the Divvy Puff 'n Pass SKU, a 1 gram 510 thread vape cartridge, launched in January 2023, provides a platform for a rotation of new, exciting flavours.

Oils

Cannabis oil products remain a core product category for wellness-oriented medical patients and adult-use consumers. Line extensions include the innovative Omega CBD Soft Gels which feature full-spectrum, single strain CBD extract, and is one of the first Canadian cannabis products to be suspended in fish oil containing omega-3.

Sublingual Strips

Kin Slips, cannabis-infused sublingual strips, typically offer a fast onset time relative to other non-combustible cannabis products. Placed under the tongue, the active ingredients enter the bloodstream through the sublingual gland, delivering a typical onset time of 10 to 15 minutes. Kin Slips are classified as ingestible extracts, and can therefore contain up to 1000 milligrams of THC per package, as opposed to traditional cannabis edible products which are restricted to 10 milligrams of THC per package. The Company launched its latest innovation in its Kin Slips portfolio, Shut Eye Plus, in November 2022. Shut Eye Plus Kin Slips contain individually wrapped strips containing 5mg THC, 5mg CBD, and 5mg CBN.

Edibles

The Company launches highly artisan and seasonal edible products which complement its product portfolio anchored around pre-roll, milled, flower and vape formats. During Q1 2021, the Company released its first cannabis edible product, soft chews, with two THC and one CBD-dominant offering. The Company followed that up with Salted Caramel Pretzel Bites, Cluster Pucks as well as an infused hot sauce with well-known Canadian hot sauce maker Heartbeat Hot Sauce, all launched under the Bogart's Kitchen edibles brand. The brand currently contains the collaboration hot sauces and launched a THC-infused Maple Syrup product in Winter 2022, just in time for the holiday season.

Bath & Body

The Noon & Night brand launches bath & body products focused on the wellness space. During Q2 2021, the Company launched Lavender Fizz CBD bath bombs along with the Freshly Minted Roll-on. The peppermint-scented roll-on is designed to provide a soothing, aromatic experience through local application on the hairline, neck, forehead and shoulders. The brand also began offering CBD-Omega soft gels in Q2 2021.

Distribution & Sales

Retail & Adult-use

The Company sells its cannabis products in the Canadian adult-use market through supply agreements or authorizations with the Provinces of Ontario, British Columbia, Alberta and Saskatchewan. The Company also owns ~9.4% percent of cannabis retailer One Plant.

International

The Company's products have been exported into key global markets, including Germany and Australia. It is looking to further develop this channel with an active pipeline of opportunities for 2023.

The Company first completed international cannabis exports to Australia in 2019. In Q4 2020, the Company successfully exported finished medical cannabis products to customers in Australia. The Company received and fulfilled additional purchase orders from Australia during 2021 and fiscal years 2022 and 2023. The Company's products were shipped to Germany during 2021 and fiscal years 2022 and 2023.

During Q4 2020, the Company completed an inspection with certified auditors which certified the Niagara Facility to be operating in compliance with GACP. This allows flower grown at the Niagara Greenhouse to be exported to certain international markets including the European Union, after it has been dried and packaged in an EU-GMP certified facility, and following receipt of necessary import and export permits for each shipment.

The Company also received GACP certification for the Paris Facility in the quarter ended September 31, 2022. In July 2022, the Company secured an estimated \$4.6 million international sales agreement to supply bulk flower into the European market. It is a two-year agreement, with a minimum annual sales commitment estimated at \$2.0 million per year based on a variable price per gram of flower. The Company successfully shipped product under this agreement in the quarter ended December 31, 2022 which is destined for Germany. Additionally, in January 2023, the Company secured an additional international sales order for approximately \$1.0 million in annual sales with a new European based strategic partner. This expands the Company's international sales and improves access into the existing European medical market and burgeoning legalized adult-use markets

Medical

The Company sells its cannabis products in the Canadian medical market, through its flagship medical cannabis and ecommerce marketplace brand Emblem. Patients with a medical authorization are able to purchase Emblem products online through a secure website operated by the Company and the Company ships the order directly to the patient. All medical cannabis products are produced at the Paris Facility, and shipped from the Distribution Centre. During 2020, the Company introduced the AssureHome Delivery same-day delivery service to patients of Emblem located in the Greater Toronto Area and surrounding communities.

EMPLOYEES

As of the date of this AIF, the Company engages 158 full-time equivalent employees. For more information on the Company's directors and executive officers see "*Directors and Officers*" for further discussion.

INTANGIBLE PROPERTIES

The Company relies on trade secrets, technical know-how and proprietary information and it protects its intellectual property by seeking and obtaining registered protection where possible, developing and implementing standard operating procedures to protect trade secrets, technical know-how and proprietary information and entering into agreements with parties that have access to the Company's inventions, trade secrets, technical know-how and proprietary information, such as the Company's partners, collaborators, employees and consultants, to protect confidentiality and ownership. The Company also seeks to preserve the integrity and confidentiality of its inventions, trade secrets, trademarks, technical know-how and proprietary information by maintaining security of its premises and information technology systems.

The Company has sought trademark protection in many countries, including Canada, Australia and Germany. The Company's ability to obtain registered trademark protection for cannabis-related goods and services may be limited in certain countries outside of Canada, including the U.S., where registered federal trademark protection is currently unavailable for trademarks covering the sale of cannabis products (a controlled substance); and including the European Union, where laws on the legality of cannabis use are not uniform. Accordingly, the Company's ability to obtain intellectual property rights or enforce intellectual property rights against third party uses of similar trademarks may be limited in certain circumstances. See "*Risk Factors - Intellectual Property*".

COMPETITIVE CONDITIONS

The market for cannabis in Canada is tightly controlled by and subject to strict regulation, including pursuant to the Cannabis Act and Cannabis Regulations. The Company continues to face competition from both the illicit market as well as other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the Company's business, financial condition, results of operations and prospects.

As of the date of this AIF, Health Canada has granted cultivation, processing or cannabis sales licences to a total of 982 licence holders. The Company holds four of those licences. More information on the current list of licence holders can be found on Health Canada's website ([Licensed cultivators, processors and sellers of cannabis under the Cannabis Act - Canada.ca](https://www.healthcanada.ca/licensed-cultivators-processors-and-sellers-of-cannabis-under-the-cannabis-act-canada.ca)).

The Company believes that it will face competition from the following sources:

(i) *Licence Holders*: As of the date of this Annual Information Form, Health Canada has granted cultivation, processing or sales licences to a total of 982 licence holders, with many more in the application phase. The Company believes it will face competition from other licence holders and that in the future the supply of cannabis will meet and potentially exceed the demand for cannabis. The price of cannabis and cannabis products may also continue to drop. The Company believes that it can reduce the impact of competition from licence holders by focusing on the strength of its closed loop production ecosystem, across its four federally licensed and operational production and distribution facilities. On an annualized basis, the Company can cultivate up to 31,200 kgs of usable dried cannabis (being dried cannabis with a THC potency of 18% or more) and extract up to 50,000 kgs. Additionally, the Company believes that the stringent application and compliance requirements that must be met under the Cannabis Act and Cannabis Regulations to become a licence holder may prove too onerous or expensive for some of those unlicensed applicants and is, in the Company's view a significant barrier to entry into the industry.

(ii) *Cannabis Retailers*: The Cannabis Act authorizes the provinces and territories to oversee the distribution of cannabis. Various provinces have distribution models which include exclusive distribution through provincially-owned retail stores or a mixed distribution model which will allow for regulated privately-owned retail stores to operate alongside provincially owned retail stores. The Company believes that retail competition will be from existing licence holders and new market participants. Currently the Company does not have retail operations.

(iii) *Homegrown Cannabis Producers*: The Cannabis Act allows for adults to legally grow up to four cannabis plants for personal use. The Company believes that competition from homegrown cannabis will be minimal and that it will not have a significant impact on market demand for the Company's products.

See "*Risk Factors*" for further details.

COMPONENTS

The Company owns four significant cannabis production and distribution facilities in Canada (all of which are currently licensed, three of which are operational), allowing the Company to cultivate cannabis and produce packaged consumer products for sale in Canada in the medical and adult-use markets and internationally. Although the Company largely relies on its closed loop production ecosystem across its production and distribution facilities for its cannabis products, the Company's business is dependent on a number of non-cannabis related key inputs including skilled labour, equipment, parts, solvents, non-cannabis consumables forming part of the finished products (for e.g., bottles, packaging and cartons) and other supplies, as well as electricity, water and other local utilities. See "*Risk Factors*" for additional details.

CYCLES

The Company does not expect the availability or price of its inputs to materially fluctuate on a seasonal or cyclical basis. As outdoor grown cannabis becomes more prominent within Canada, the Company may begin to see seasonality in the availability and price of cannabis.

The demand for cannabis and its derivatives is not seasonal or cyclical.

ECONOMIC DEPENDENCE

The Company does not believe there is any contract upon which its business as a whole is substantially dependent.

CHANGES TO CONTRACTS

The Company does not expect any aspect of its business as a whole to be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

ENVIRONMENTAL PROTECTION

The Company does not expect any environmental protection requirements to have a material effect on the Company's expected capital expenditures, profit or loss or competitive position.

REGULATION OF CANNABIS IN CANADA

The production, distribution and sale of cannabis is tightly controlled by the Canadian federal and provincial governments. On October 17, 2018, the Cannabis Act, also known as Bill C-45, came into force as law with the effect of legalizing adult recreational use of cannabis across Canada. The Cannabis Act, among other things, replaced the ACMPR and Industrial Hemp Regulations, both of which came into force under the CDSA, which previously permitted access to cannabis for medical purposes for only those Canadians who had been authorized to use cannabis by their health care practitioner. The ACMPR replaced the MMPR, which was implemented in June 2013. The MMPR replaced the MMAR, which was implemented in 2001. The MMPR and MMAR were initial steps in the Government of Canada's legislative path towards the eventual legalization and regulating recreational and medical cannabis.

The Cannabis Act permits the non-medical use of cannabis by adults and regulates, among other things, the production, distribution and sale of cannabis and related products in Canada, for both non-medical and medical purposes. Pursuant to the Cannabis Act, subject to provincial and territorial regulations and medical allowances, individuals over the age of 18 are able to purchase fresh cannabis, dried cannabis, cannabis oil, cannabis extracts, cannabis edibles, cannabis topicals and cannabis plants or seeds and are able to legally possess up to 30 grams

of dried cannabis (or the prescribed equivalent amount) in public. The Cannabis Act also permits households to grow a maximum of four cannabis plants, which has been restricted by certain provinces. This limit applies regardless of the number of adults that reside in the household. In addition, the Cannabis Act provides provincial and territorial governments the authority to prescribe regulations regarding retail sales and distribution, as well as the ability to regulate certain matters, such as increasing the minimum age for purchase and consumption. The minimum age for purchase and possession of cannabis in each Canadian jurisdiction is 19 years old, except for Quebec and Alberta where it is 21 and 18, respectively.

In connection with the new framework for regulating cannabis in Canada, the Federal Government has introduced new penalties under the *Criminal Code* (Canada), including penalties for the illegal sale of cannabis, possession of cannabis over the prescribed limit, production of cannabis beyond personal cultivation limits, taking cannabis across the Canadian border, giving or selling cannabis to a youth and involving a youth to commit a cannabis-related offence.

In addition to the Cannabis Act, the Federal Government of Canada published regulations, including the *Cannabis Regulations* (the “**Cannabis Regulations**”) and the new *Industrial Hemp Regulations* (together with the Cannabis Regulations, collectively, the “**Regulations**”), along with amendments to the *Narcotic Control Regulations* and certain regulations under the *Food and Drugs Act* (Canada) (the “**Canada FDA**”). The Regulations, among other things, outline additional rules for the cultivation, processing, research, analytical testing, distribution, sale, importation and exportation of cannabis and hemp in Canada, including the various classes of licences that can be granted. The Regulations set standards for these cannabis and hemp products and include strict specifications for the plain packaging and labelling and analytical testing of all cannabis products as well as stringent physical and personnel security requirements for federally licenced sites. The Regulations also maintain a distinct system for access to cannabis. See “*Risk Factors – Changes in Law, Regulations and Guidelines*”.

Licences, Permits and Authorizations

The Cannabis Regulations establish the following different classes of licences that are required depending on the nature of the activity being undertaken:

- cultivation licences - standard cultivation, micro-cultivation and nursery cultivation;
- processing licences - standard processing (such as the Licence) and micro-processing;
- sale, and sale for medical purposes;
- analytical testing;
- research; and
- cannabis drug licence.

Pursuant to the Cannabis Regulations, any licence issued will be valid for no more than five years. Each class and subclass of licence carries different rules and requirements. The licence, once issued, identifies the specific activities that the licensee is authorized to conduct. The activities permitted under each class or subclass of licence are set out in the Cannabis Regulations.

Security Clearances

The Cannabis Act requires that certain individuals associated with a licensee, such as directors, officers, large shareholders and individuals identified by the Minister, obtain security clearances with Health Canada. The Minister grants security clearances if the Minister determines that the applicant does not pose an unacceptable risk to public health or public safety. The Minister may refuse to grant security clearance to individuals with

associations to organized crime or with past criminal convictions for, or an association with, drug trafficking, corruption or violent offences. Individuals with a record of non-violent, lower-risk criminal activity may still be granted security clearance at the discretion of the Minister. This was largely the approach in place under the ACMPR and other related regulations governing the licensed production of cannabis for medical purposes. Individuals who have histories of nonviolent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) are not precluded from participating in the legal cannabis industry, however, grant of security clearance to such individuals is at the discretion of the Minister and such applications are reviewed on a case-by-case basis.

Security clearances granted under the ACMPR are also considered to be valid security clearances for the purposes of the Cannabis Act and Cannabis Regulations.

Cannabis Tracking System

Under the Cannabis Act, the Minister is authorized to establish and maintain a national cannabis tracking system. The cannabis tracking system (together with the licensing portal, collectively known as the “**Cannabis Tracking and Licensing System**”) was established by ministerial order, and came into effect on October 17, 2018. The purpose of this system is to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the legal market. Pursuant to the Cannabis Tracking and Licensing System, a holder of a federal licence for cultivation, a licence for processing or a licence for sale for medical purposes that authorizes the possession of cannabis must report monthly to the Minister with specific information about their authorized activities with cannabis (e.g. cannabis inventory quantities), in the form and manner specified by the Minister. The ministerial order also provides for monthly reporting by provincial bodies and provincially authorized private retailers of certain information in the form and manner specified by the Minister.

A new ministerial order, the Cannabis Tracking System Order, was published in the Canada Gazette, Part II on June 26, 2019 and in force on October 17, 2019 in order to address the unique public health and public safety risks associated with edible cannabis, cannabis extracts and topicals (the “**New Classes of Cannabis**”) authorized by the Regulations Amending the Cannabis Regulations (New Classes of Cannabis) (the “**Amending Regulations**”) on October 17, 2019.

The purpose of this system is to enable the submission of licence applications, amendments and renewals through an online portal and track the flow of cannabis throughout the supply chain as a means of preventing the illegal inversion and diversion of cannabis into and out of the regulated system. Under the Cannabis Tracking and Licensing System, a holder of a licence for cultivation, licence for processing, or a licence for sale for medical purposes is required to submit monthly reports to Health Canada.

Cannabis Products

The Cannabis Regulations set out the product categories that are permitted for sale. Currently, the Cannabis Regulations permit the sale of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds, including in such forms as “pre-rolled” and capsule products. The THC content and serving size of cannabis products is limited by the Cannabis Regulations.

Prior to the passage of the Amending Regulations, the Cannabis Act only permitted the sale of dried cannabis, cannabis oil, fresh cannabis, cannabis plants and cannabis plant seeds. The Amending Regulations permit the production and sale of the New Classes of Cannabis. As is the case for dried or fresh cannabis and cannabis oil, a processing licence is required in order to produce the New Classes of Cannabis, and to package and label these types of cannabis products for sale to consumers. Holders of processing licences issued prior to October

17, 2019 were required to amend their processing licence before they could begin manufacturing products belonging to New Classes of Cannabis. The Cannabis Regulations require the filing of a notice with Health Canada at least 60 days before releasing a new product to the market. As a result, December 16, 2019 was the earliest date that products in the New Classes of Cannabis could be made available for sale.

In addition, if a processing licence holder processes edible cannabis and non-cannabis food products on the same site, then the production, packaging, labelling, and storage of cannabis and the production, packaging, and labelling of non-cannabis food products will need to be conducted in separate buildings. All cannabis production is required to occur in a separate building from any non-cannabis food production to minimize contamination risks.

For medical cannabis patients, Health Canada requires that medical documents be written to include the amount of dried cannabis in grams per day a patient may consume. This requirement applies equally to oils. To assist patients with determining how much oil they should be consuming per day, licensed producers are required to provide an equivalency factor outlining how much oil is equivalent to one gram of dried cannabis.

Packaging and Labelling

The Cannabis Regulations set out requirements pertaining to the packaging and labelling of cannabis products. The purpose of the packaging and labeling rules is to promote informed consumer choice, allow for the safe handling and transportation of cannabis, and to reduce the appeal of the products to youth. Vendors must package cannabis in a way that is tamper-proof, child-resistant, prevents contamination and ensures dryness. The Cannabis Regulations also require plain packaging, with strict requirements for logos, colours and branding. The packaging must also contain the following product information:

- product source information, including the name, phone number and email of the cultivator;
- information about the product including class of cannabis, amount, brand name, lot number, storage conditions, packaging date, expiry date;
- a mandatory health warning, rotating between Health Canada's list of standard health warnings;
- the Health Canada standardized cannabis symbol; and
- information specifying THC and CBD content.

Advertising

The Cannabis Act and Cannabis Regulations outline several prohibitions regarding the promotion of cannabis products. Subject to a few exceptions, including promotion to other licence holders, all promotions of cannabis products are prohibited unless authorized by the Cannabis Act. The restriction on promotion includes promoting cannabis or a cannabis accessory, or any service related to cannabis, including: (i) by communicating information about price or distribution, (ii) by doing so in a manner in that there are reasonable grounds to believe could be appealing to young persons, (iii) by means of a testimonial or endorsement, or (iv) by evoking positive or negative emotions about a way of life such as one that includes glamour, recreation, excitement, vitality, or risk.

Cannabis products may be promoted at their point of sale if the promotion indicates only its availability and/or price. Further, brand preference and informational promotion is permitted if such promotion is:

- in a communication that is addressed and sent to an individual who is 18 years of age or older and is identified by name;
- in a place where young persons are not permitted; or
- communicated by means of a telecommunication, where the person responsible for the content of the promotion has taken reasonable steps to ensure that the promotion cannot be accessed by a young person.

While the above restrictions also apply to the New Classes of Cannabis, the Amending Regulations also prohibit certain representations and associations on products, their packages and labels and associated promotional activity, including: certain flavours in cannabis extracts (e.g. confectionary, dessert, soft drink, and energy drink); health or cosmetic benefits unless registered as a health product; energy value and nutrient content representations that go beyond those permitted in the list of ingredients and in the cannabis specific nutrition facts table; statements reasonably likely to create the impression the edible cannabis or accessory is intended to meet particular dietary requirements; and promotion that could reasonably associate the cannabis, the cannabis accessory or the service related to cannabis with an alcoholic beverage, a tobacco product or a vaping product.

Product Composition

The Cannabis Regulations place restrictions on product composition specific to each type of cannabis product including specific THC limits. Examples of product-specific restrictions include:

- **Edible cannabis:** must be shelf stable; only food and food additives will be allowed to be used as ingredients in edible cannabis and the use of food additives will need to be in accordance with the limits and purposes that are prescribed for foods; must not have caffeine added, however the use of ingredients containing naturally occurring caffeine will be permitted in edible cannabis products provided that the total amount of caffeine in each immediate container does not exceed 30 milligrams; must not contain alcohol in excess of 0.5% w/w; must not contain anything that would cause the sale of the edible cannabis, if it was a food regulated under the Canada FDA, to be prohibited and must not be fortified with vitamins or mineral nutrients.
- **Cannabis extracts:** must not contain ingredients that are sugars, sweeteners or sweetening agents, nor any ingredient listed on Column 1 of Schedule 2 to the Tobacco and Vaping Products Act (which is a list of ingredients that are prohibited in vaping products) except if those ingredients and their levels are naturally occurring in an ingredient used to produce the extract.
- **Cannabis topicals:** must not contain anything that may cause injury to the health of the consumer when the product is used as intended or in a reasonably foreseeable way.

Health Products and Cosmetics Containing Cannabis

Under the current regulatory framework, health products are subject to the Canada FDA and its regulations, and the NHPR. The Canada FDA and NHPR govern the manufacturing, formulation, packaging, labelling, advertisement and sale of natural health products (“**NHPs**”) in Canada. In addition, drugs and NHPs may be additionally regulated by the Cannabis Act and Cannabis Regulations. For many of these products, pre-market approval from Health Canada is required.

Currently, cannabis is not permitted for use in a natural health product or a non-prescription drug product, as phytocannabinoids are included as prescription drugs on the Human and Veterinary Prescription Drug List (“**PDL**”). Although, Health Canada has previously authorized prescription drug products containing cannabis, the agency maintains that there remains significant scientific uncertainty regarding the pharmacological actions, therapeutic effectiveness and safety of the majority of phytocannabinoids. The cannabis-based prescription drug products that have been authorized by Health Canada have been studied, authorized and used in specific conditions. While these authorized products have contributed to the global body of knowledge concerning the safety and efficacy of cannabis-based therapies, Health Canada has stated that the presence of scientific uncertainty and limited market experience gives rise to the need for a precautionary approach. Listing all phytocannabinoids on the PDL addresses this uncertainty by allowing healthcare practitioners to monitor and manage any unanticipated effects. Health Canada has launched a consultation on a potential market for cannabis health products that would not require practitioner oversight and is considering the development of a regulatory pathway for cannabis health products. In the meantime, all phytocannabinoids remain listed on the PDL until there is sufficient scientific evidence (e.g., as demonstrated through a submission to Health Canada) to change the prescription status of a particular phytocannabinoid when used in specific conditions.

Under the Cannabis Regulations, the use of cannabis-derived ingredients (other than certain hemp seed derivatives containing no more than 10 parts per million THC) in cosmetics is permitted and will be subject to provisions of the Cannabis Act.

Import / Export Permits for Medical or Scientific Purposes

Part 10 of the Cannabis Regulations sets out the process by which a license holder may apply for an import or export permit for medical or scientific purposes. A permit must be obtained for each shipment of cannabis. An application for an import or export permit must contain specific information including the name and address of the holder, license number and specifics of the particular shipment including intended use of the cannabis and specific shipment details. The Cannabis Regulations also contain reporting requirements in respect of the import / export of cannabis.

RETAIL FRAMEWORKS IN RELEVANT JURISDICTIONS

The Cannabis Act provides that the provinces and territories of Canada have authority to regulate certain aspects of recreational cannabis (similar to the current regime for liquor and tobacco products), such as sale and distribution, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

All Canadian provinces and territories have enacted regulatory regimes for the distribution and sale of cannabis for recreational purposes within those jurisdictions. There are three general frameworks that the provinces and territories have followed: (i) private cannabis retailers licensed by the province; (ii) government run retail stores; or (iii) a combination of both frameworks (e.g., privately licensed retail stores, while online retailers are operated by the applicable provincial government).

Regardless of the framework, the recreational cannabis market is supplied by federal licence holders. In many cases, provinces that follow the licensed private retailer model will still have a government-run wholesale distributor. Such licensed private retail stores are or will be required to obtain their cannabis products from the wholesalers, and the wholesalers in turn, are or will be required to obtain the cannabis products from the federal licence holders. The minimum age for purchase and possession of cannabis in each Canadian jurisdiction is 19 years old, except for Quebec and Alberta, where it is 18.

There is no assurance the Company will be able to efficiently navigate applicable regulatory frameworks and distribution models or conduct its intended business thereunder. See “*Risk Factors – Changes in Law, Regulations and Guidelines*”.

Alberta

AGLC regulates the retail sale of recreational cannabis in Alberta. AGLC issues cannabis retail licenses to private retailers that receive their products from the AGLC. The framework for retail stores in Alberta includes:

- implementing strict restrictions on relationships between retail licence holders and Licensed Producers, including in respect of promotion and inducements; and
- prohibiting any retail licence holder from participating in online sales of cannabis, which is restricted to the AGLC online portal.

British Columbia

The LCRB regulates the retail sale of recreational cannabis in British Columbia. LCRB issues cannabis retail licenses to private retailers that receive their products from the government-regulated distributor, the LDB, which also operates its own public retail stores. The framework for retail stores in British Columbia includes:

- limiting the number of retail licenses per retailer to eight;
- implementing certain restrictions on relationships between retail licence holders and Licensed Producers; and
- prohibiting any retail licence holder from participating in online sales of cannabis, which is restricted to the LDB online portal.

Ontario

Pursuant to the *Cannabis Control Act, 2017* (Ontario), the distribution and retail sale of recreational cannabis is managed through the OCRC, under the oversight of the Alcohol and Gaming Commission of Ontario. Recreational cannabis has been sold on-line through the OCRC operated OCS platform as of October 17, 2018.

On October 17, 2018, the *Cannabis License Act, 2018* (Ontario) became law and other legislation, including the *Cannabis Control Act, 2017*, the *Ontario Cannabis Retail Corporation Act, 2017* and the *Liquor Control Act* were amended to create a private retail framework for the sale of recreational cannabis in Ontario. As of April 1, 2019, recreational cannabis has been available for sale by private retailers that operate brick-and-mortar stores licensed by the AGCO.

On December 12, 2019, the Government of Ontario announced changes to expand the cannabis retail store network in the province, effective January 2020. Notably, the Government of Ontario eliminated the cap on the number of retail stores in the province and increased the permissible ownership share from 9.9 per cent to 25 per cent of retail store licensee corporations by Licensed Producers. The framework for retail stores in Ontario:

- private retailers are required to obtain both a retail operator licence and a retail store authorization. Retail store authorizations are only to be issued to persons holding a retail operator licence. Separate retail store authorizations are to be required for each cannabis retail store, but a licensed retail operator

may hold more than one retail store authorization and operate multiple stores. Private retailers may sell cannabis in person, or online, with in-store pick up and/or home delivery, where available;

- the AGCO is the government entity responsible for issuing retail store authorizations for privately run recreational cannabis stores. Until December 13, 2019, a temporary cap of 25 retail store authorizations was imposed while cannabis supply stabilizes. On July 3, 2019, the Government of Ontario announced its plans for a second allocation of 50 additional cannabis retail store authorizations. The AGCO held a lottery draw for the allocation of 42 retail store authorizations. A separate process governed the allocation of eight retail store authorizations for those who wish to operate a store on a First Nations reserve. On March 2, 2020, the restrictions on the total number of store authorizations permitted in Ontario, and their regional distribution, was revoked. The AGCO has begun accepting applications for retail store authorizations from all interested applicants;
- retail store operators are only permitted to purchase cannabis from the OCRC, which may set a minimum price for cannabis or classes of cannabis;
- every authorized cannabis retail store in Ontario must have a licensed retail manager. Anyone who supervises employees, oversees cannabis sales, manages compliance or has signing authority to purchase cannabis, enters into contracts or hires employees is required to have a cannabis retail manager licence;
- federally licensed producers (and their affiliates) are limited to operating one retail cannabis store in the province, which must be located at the site listed on such producer's federal licence. A broad definition of affiliate is included in the Cannabis Regulations. An affiliate relationship exists if a corporation beneficially owns or controls voting shares, or securities that may be converted to voting shares, constituting more than 25% of voting rights. If a person, or group acting together, holds 50% voting control for the election of directors or market share of the corporation, they are considered affiliates. Additionally, an affiliate relationship may be established through involvement in a trust, partnership or joint venture, among others. The definition of affiliate may have the effect of restricting the ability of federally licensed producers from effectively entering into the consumer retail market in Ontario;
- federally licensed producers are prohibited from providing any material inducement to cannabis retailers for the purpose of increasing the sale of a particular type of cannabis;
- municipalities and reserve band councils were permitted to opt out of the retail cannabis market by resolution. Municipalities had until January 22, 2019 to pass such by-laws, and several municipalities have formally opted-out of the retail market. Municipalities that opted out can later lift the prohibition on retail cannabis stores by subsequent resolution, which cannot be reversed at a later date; and
- municipalities may not pass bylaws providing for a further system of licensing over the retail sale of cannabis.

Saskatchewan

The SLGA regulates the distribution and retail sale of recreational cannabis in Saskatchewan. The SLGA issues cannabis wholesale licences to private distributors and retail licences to private retailers for operating retail cannabis stores and selling cannabis online. Under the initial framework announced in March 2018, only communities with 2,500 people or more qualified for retail permits, and larger communities had a set number of permits allocated through a lottery system, with 51 permits originally available province-wide. The SLGA has since loosened these restrictions and removed the limit on how many stores can open in each community.

Manitoba

MLLC sources and distributes recreational cannabis to private retailers in Manitoba. All cannabis must be purchased from MLLC. MLLC also coordinates with licensed producers to provide direct to retail store product delivery model. Licensed producers can direct ship themselves or through a third party.

RISK FACTORS

Due to the nature of the Company's business and the legal and economic climate in which it operates, the Company is subject to significant risks. The risks presented below are not exhaustive and may not be all of the risks that the Company may face. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business and operations. If any of the following or other risks are realized, the Company's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event the trading price of the Company's shares could decline and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

PROPOSED TRANSACTION RELATED RISKS

Failure to Complete the Proposed Transaction

There can be no assurance that the Proposed Transaction will be completed, or if completed, that it will be completed on the same or similar terms to those set out in the Letter Agreement. The completion of the Proposed Transaction is subject to the satisfaction of a number of conditions which include, among others, approval of: (a) (i) two-thirds of the votes cast by shareholders of the Company, and, if required, (ii) a simple majority of the votes cast by minority shareholders of the Company in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, at a special meeting of shareholders of the Company expected to take place in the third quarter of 2023; (b) Debentureholders of the requisite percentage of the principal amount of each series of New Convertible Debentures; and (c) if required, shareholders of RWB (the "**RWB Shareholders**") at a special meeting of RWB Shareholders expected to take place in the third quarter of 2023.

In addition, if the Proposed Transaction is not completed, the ongoing business of the Company may be adversely affected as a result of the costs (including opportunity costs) incurred in respect of pursuing the Proposed Transaction, and the Company could experience negative reactions from the financial markets, which could cause a decrease in the market price of the Common Shares, particularly if the market price reflects market assumptions that the Proposed Transaction will be completed or completed on certain terms. The Company may also experience negative reactions from its customers and employees and there could be negative impact on the Company's ability to attract future acquisition opportunities. Failure to complete the Proposed Transaction or a change in the terms of the Proposed Transaction could each have a material adverse effect on the Company's business, financial condition and results of operations.

Termination Fee

Pursuant to the Letter Agreement, the Company may be required to pay a termination fee (being, \$2 million) (the "**Termination Fee**") to RWB in the event the Proposed Transaction is terminated in certain circumstances. The Termination Fee may discourage other parties from making an Acquisition Proposal (as such term is defined in the Letter Agreement), even if such Acquisition Proposal could provide greater value to the Company's shareholders.

Furthermore, certain securityholders of the Company (including the directors and senior officers of the Company) will be entering into support and voting agreements that irrevocably commit them to, among other things vote their Common Shares in favour of the Proposed Transaction. As a result, the support and voting agreements may discourage other parties from making an Acquisition Proposal, even if such Acquisition Proposal could provide greater value than that offered under the Proposed Transaction.

Transaction-Related Costs in Connection with the Proposed Transaction

The Company expects to incur a number of non-recurring transaction-related costs associated with completing the Proposed Transaction that will be incurred whether or not the Proposed Transaction is completed. Such costs may offset any expected cost savings and other synergies from the Proposed Transaction.

Restrictions on Certain Actions While the Proposed Transaction is Pending

The Letter Agreement restricts the Company, subject to certain exceptions, from taking specified actions, unless consented to by RWB, until the Proposed Transaction is completed, which may adversely affect the ability of the Company to execute certain business strategies. These restrictions may prevent the Company from pursuing attractive business opportunities that may arise prior to the completion of the Proposed Transaction.

Diverting Attention of Management

The pending Proposed Transaction could cause the attention of management of the Company to be diverted from the day-to-day operations. These disruptions could be exacerbated by a delay in the completion of the Proposed Transaction and could have an adverse effect on the current and future business, operations, results of operations, financial condition or prospects of the Company regardless of whether the Proposed Transaction is ultimately completed. Because the completion of the Proposed Transaction is subject to uncertainty, officers and employees of the Company may experience uncertainty about their future roles, which may adversely affect the Company's ability to attract or retain key management and personnel in the period until the completion or termination of the Proposed Transaction.

In addition, third parties with which the Company currently has a business relationship or may have a business relationship in the future, including industry partners, customers and suppliers, may experience uncertainty associated with the Proposed Transaction, including with respect to current or future relationships with the Company. Such uncertainty could have a material and adverse effect on the current and future business, operations, results of operations, financial condition and prospects of the Company.

Directors and Senior Officers with Differing Interests From the Shareholders

Certain of the directors and senior officers of the Company negotiated the terms of the Proposed Transaction. These directors and senior officers may have interests in the Proposed Transaction that are different from, or in addition to, those of the shareholders generally. The Company's shareholders should also be aware that certain directors and certain senior officers of the Company have interests in connection with the Proposed Transaction including, but not limited to, the continued employment of certain senior officers of the Company by the Combined Company and the continued service of certain directors of the Company as directors of the Combined Company, that may present actual or potential conflicts of interest in connection with the Proposed Transaction.

REGULATORY AND LEGAL RISKS

Compliance with Laws

The adult-use and medical cannabis industries and markets are subject to a variety of laws in Canada and internationally.

The business and activities of the Company are heavily regulated. The Company's operations are subject to various laws, regulations and guidelines by governmental authorities, particularly Health Canada, relating to the manufacture, marketing, management, transportation, storage, sale and disposal of cannabis, and also including laws and regulations relating to health and safety, healthcare practitioner services, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services.

To the knowledge of management, the Company is currently in compliance under the *Cannabis Act*. Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on its licences issued in accordance with the *Cannabis Act* and *Cannabis Regulations* ("**Licences**") to operate the Company's business; the suspension or expulsion from a particular market or jurisdiction or of its key personnel; and, the imposition of fines and censures. To the extent that there are changes to the existing or the enactment of future laws and regulations that affect the sale or offering of the Company's product or services in any way, it may have a material adverse effect on the Company's business, financial condition and results of operations. Any amendment to or replacement of the *Cannabis Act* or other applicable rules and regulations governing the Company's activities may cause adverse effects on the Company's business, financial condition and results of operations.

There is also a risk that the Company's interpretation of laws, regulations and guidelines, including, but not limited to the associated regulations and applicable stock exchange rules and regulations, may differ from those of others, including those of governmental authorities, securities regulators and exchanges, and the Company's operations may not be in compliance with such laws, regulations and guidelines.

Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and, where necessary, obtaining regulatory approvals. The impact of regulatory compliance regimes, and the impact of any delays in obtaining or failures to obtain regulatory approvals required by the Company may significantly delay or impact the development of the Company's business and operations and could have a material adverse effect on the Company's business, financial condition and results of operations.

Further, the Company is subject to ongoing inspections by Health Canada to monitor compliance with licensing requirements. The Company's existing Licences and any new licences that it may obtain in the future in Canada or other jurisdictions may be revoked or restricted at any time in the event that the Company is found not to be in compliance. Should the Company fail to comply with the applicable regulatory requirements or with conditions set out under its Licences or should its Licences be revoked, the Company may not be able to continue producing or distributing cannabis in Canada.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. The Company may be liable for civil or criminal fines or

penalties imposed for violations of applicable laws or regulations.

The regulated nature of the business may impede or discourage a takeover, which could reduce the market price of the Common Shares and the value of any outstanding convertible debentures/notes. The Company requires and holds various government licenses to operate the business, which would not necessarily continue to apply to an acquirer of the business following a change of control. These licensing requirements could impede a merger, amalgamation, takeover, or other business combination involving the Company or discourage a potential acquirer from making a tender offer for the Common Shares, which, under certain circumstances, could reduce the market price of the Common Shares.

Anti-Money Laundering Laws and Regulation Risk

Canadian and international money laundering, financial recordkeeping, and proceeds of crime laws and regulations apply to the Company. Specifically, the Company is subject to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations, and guidelines, enforced by governmental authorities internationally. If any of the Company's transactions, operations, investments and proceeds thereof, dividends or distributions therefrom, profits, or revenues accruing from such operations or investments, were found to violate money laundering legislation, they may be viewed as proceeds of crime under any applicable legislation. This could restrict or otherwise jeopardize the Company's ability to declare or pay dividends or effect other distributions.

Anti-Bribery Law Violations

The Company's business is subject to Canadian laws prohibiting companies and employees from engaging in bribery or other prohibited payments to foreign officials to obtain or retain business. Additionally, the Company is subject to the anti-bribery laws of any other countries in which it conducts business. The Company's employees or other agents may without its knowledge and despite its best efforts, engage in conduct prohibited under anti-bribery laws for which the Company may be held responsible. While the Company's policies mandate compliance with anti-corruption and anti-bribery laws, there can be no assurance that the Company's internal controls will always protect it from recklessness, fraudulent behaviour, dishonesty, or other such inappropriate acts committed by its affiliates, employees, contractors, or agents. If the Company's employees or agents are found to have engaged in such practices, the Company could suffer severe penalties, reputational damage, and other consequences that may have a material adverse effect on its business, financial condition, and results of operations.

Changes in Laws, Regulations and Guidelines

The legislative framework pertaining to the Canadian recreational cannabis market is subject to significant provincial and territorial regulation, which varies across provinces and territories resulting in an asymmetric regulatory and market environment, different competitive pressures and significant additional compliance and other costs and/or limitations on the Company's ability to participate in such markets.

The laws, regulations and guidelines applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen by the Company. The *Cannabis Act* came into effect on October 17, 2018. However, uncertainty exists with respect to the implementation of the *Cannabis Act*, federal regulations thereunder as well as the various provincial and territorial regimes governing the distribution and sale of cannabis for adult-use, recreational purposes.

Since cannabis remains illegal under U.S. federal law (other than the legalization of hemp) any engagement in

cannabis-related activities may lead to heightened scrutiny by regulatory bodies and other authorities that could negatively impact the Company and/or its personnel.

The impact of these new laws, regulations and guidelines on the business of the Company, including increased costs of compliance and other potential risks, cannot be fully predicted; accordingly, the Company may experience adverse effects.

Reliance on Licences and Permits

The Company's ability to grow, store and sell cannabis in Canada is dependent on its Licences from Health Canada. Failure to comply with the requirements of the Licences or any failure to maintain its Licences would have a material adverse effect on the business, financial condition and operating results of the Company.

The Port Perry Licence will expire on October 9, 2023, the Niagara Licence will expire on June 13, 2024, the Distribution Centre Licence will expire on February 12, 2024 and the Paris Licence will expire on January 20, 2028. Although management believes it will meet the requirements of the *Cannabis Act*, for extension of the Licences, there can be no guarantee that Health Canada will extend or renew the Licences or, if it is extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the Licences, or should it renew the Licences on different terms or not provide the amendments as requested for anticipated capacity increases, the business, financial condition and results of the operations of the Company will be materially adversely affected.

The Company is dependent upon its Licences for its ability to grow, store and sell cannabis and other products at its production facilities. The Licences are subject to ongoing compliance, reporting requirements and renewal.

In addition to the Licences, the operations of the Company may require other Licences and permits from various governmental authorities, including, but not limited to, local municipalities. The Company currently has all non-federal permits and Licences that it believes are necessary to carry on its business. The Company may require additional Licences or permits in the future and there can be no assurance that the Company will be able to obtain all such additional Licences and permits. In addition, there can be no assurance that any existing Licences and permits will be renewable if and when required or that such existing Licences and permits will not be revoked.

Regulatory or Agency Proceedings, Investigations and Audits

The Company's businesses require compliance with certain laws and regulations. Failure to comply with applicable laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could lead to damage awards, fines and penalties.

The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition.

There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

Reliance on Facilities

The Port Perry Facility, the Paris Facility, the Niagara Facility and the Distribution Centre are integral to the Company's business and adverse changes or developments affecting any of the Port Perry Facility, Paris Facility, the Niagara Facility or the Distribution Centre may impact the Company's business, financial condition and results of operations.

Adverse changes or developments affecting the Port Perry Facility, Paris Facility, Niagara Facility or the Distribution Centre, including but not limited to a force majeure event or a breach of security, could have a material adverse effect on the Company's business, financial condition and prospects. Any breach of the security measures and other production facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Health Canada, could also have an impact on the Company's ability to continue operating under its existing licence or the prospect of renewing the licence or could result in a revocation of the licence.

EU-GMP Certification and Export of Cannabis

In order to produce and export finished medical cannabis products directly to the German and broader European Union market, the Company must first receive GMP certification at its Paris Facility. As GMP certification requires the highest standards of pharmaceutical grade production and quality controls, the certification process can be lengthy and difficult to obtain. Until such time as the certification is obtained, if at all, the Company will not be able to directly export its finished cannabis products to the European Union market. The Company is able to ship bulk, non-GMP products to international jurisdictions that do not require manufacturers to have a GMP licence, and the Company can export bulk GACP dried flower to GMP manufacturers in domestic and international markets.

The Cannabis Act and Cannabis Regulations provide the framework for the export of cannabis. A denial of or delay in issuing or renewing an export permit, license, or other approval, or revocation or substantial modification of an existing permit or approval, could prevent the Company from continuing exports to other countries.

In addition, the Company is further subject to a wide variety of laws and regulations domestically and internationally with respect to the flow of funds and product across international borders and the amount of medical cannabis the Company exports may be limited by the various drug control conventions to which Canada is a signatory.

Constraints on Marketing Activities

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities and the potentially broad interpretation of such restrictions imposed by Health Canada and provincial regulators. The regulatory environment in Canada limits the Company's ability to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased sales prices for its products, the Company's sales and operating results could be adversely affected.

Intellectual Property

The Company's success depends in part on its ability to protect its rights to intellectual property and/or to license intellectual property rights on favourable terms. The Company relies upon various forms of intellectual property protection, including copyright, and trademarks, as well as contractual provisions, to protect

intellectual property rights. Despite precautionary measures, the steps the Company takes may not prevent misappropriation of the Company's intellectual property, and the agreements the Company enters into may not be enforceable. It may also be possible for third parties to obtain and use the Company's intellectual property without authorization. Policing unauthorized use of intellectual property is difficult, time-consuming and costly. Further, some foreign laws do not protect proprietary rights to the same extent as the laws of Canada.

With respect to the trademark applications that the Company has filed, the Company cannot offer any assurances about whether such applications will be granted. Even if trademark applications are successfully approved, third parties may challenge their validity, enforceability, or scope, which may result in such trademarks being narrowed, found unenforceable or invalidated. Even if they are unchallenged, any trademark applications and future trademarks and patents may not adequately protect the Company's intellectual property or provide exclusivity for its products or processes. Any of these outcomes could impair the Company's ability to prevent competition from third parties, which may have an adverse impact on the Company's business.

Trademark protection is an important factor in establishing product recognition. The Company's ability to protect its trademarks from infringement could result in injury to any goodwill which may be developed in those trademarks. Moreover, the Company may be unable to use one or more of its trademarks because of successful third-party claims.

To protect the Company's intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of management, cause significant delays, materially disrupt the conduct of business or adversely affect the business, financial condition and results of operations.

In addition, other parties may claim that the Company's products infringe on their proprietary or patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources and legal fees, result in injunctions or temporary restraining orders or require the payment of damages.

The Company also relies on certain trade secrets, technical know-how and proprietary information that are not protected by patents to maintain its competitive position. The Company's trade secrets, technical know-how and proprietary information, which are not protected by patents, may become known to or be independently developed by competitors, which could adversely affect the Company.

OPERATING RISKS

The Cannabis Industry in Canada

As a Licensed Producer, the Company is operating its business in a relatively new industry and market. In addition to being subject to general business risks, the Company must continue to build brand awareness in the industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry, such as the imposition of restrictions on sales and marketing or restrictions on sales in certain areas, could have a material adverse effect on the Company's business, financial conditions and results of operations.

Limited Operating History

The Company is a relatively early-stage company having been established as a result of the Business Combination in early 2018 and, as a result, it has a limited operating history upon which its business and future prospects may be evaluated. The Company will be subject to all of the business risks and uncertainties associated

with any new business enterprise, including the risk that it will not achieve its operating goals. In order for the Company to meet future operating and debt service requirements, it will need to be successful in its growing, marketing and sales efforts. Additionally, where the Company experiences increased sales, its current operational infrastructure may require changes to scale the business efficiently and effectively to keep pace with demand and achieve long-term profitability. If the Company's products and services are not accepted by new customers, the Company's operating results may be materially and adversely affected.

Operating in a New and Evolving Industry

The nature of the new and rapidly evolving industry and developing market for cannabis may result in management having to change focus and strategy and adapt to an evolving and changing market and industry. In addition, the Company will be susceptible to adverse developments in this new market and industry, the sole market in which it operates, such as new developments, changing demographics, changing regulatory regime and other factors.

If the Company is unable to successfully operate as a Licensed Producer, this could substantially reduce its earnings and its ability to generate stable positive cash flow from its operations and may reduce the value of the Common Shares and adversely affect the Company's ability to raise additional capital.

Reliance on Third Party Suppliers, Manufacturers and Contractors and Inflationary Risk

The Company's business is dependent on a number of fundamental inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for certain inputs could materially impact the business, financial condition and operating results of the Company. In particular, the current inflationary environment may result in input costs that cannot be recouped through price increases for the Company's products. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Company might be unable to find a replacement in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms could result in a material adverse effect on the operations of the Company and materially adversely impact the business, financial condition and operating results of the Company.

Continuance of Contractual Relations with Provincial Governments

The continuance of the Company's contractual relations with provincial governments cannot be guaranteed. Part of the Company's current revenues depend upon the supply contracts with the various Canadian provinces. There are many factors which could impact these contractual agreements and alterations to, or the termination of, such contracts may adversely impact the Company's business, financial condition and operations.

Third Party Transportation

In order for customers of the Company to receive products from the Company, the Company must rely on third party mail and courier services. This can cause logistical problems with and delays in customers obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation and/or rising costs associated with these services may adversely affect the Company's financial performance.

Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financial condition and operating results of the Company. Any such breach could impact

the Company's ability to continue operating under its Licences or impede the prospect of renewing its Licences.

Reputational Risk to Third Parties

The parties with which the Company does business may perceive that they are exposed to reputational risk as a result of the Company's cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on the Company.

Supply Shortages and Overages

The Company may not be able to obtain from third parties, or produce, enough cannabis to meet demand. This may result in lower than expected sales and revenues and increased competition for sales and sources of supply.

In the future, Licensed Producers in Canada may produce more cannabis than is needed to satisfy the collective demand of the Canadian adult-use and medical markets, and they may be unable to export the oversupply into other markets where cannabis use is also legal. As a result, the available supply of cannabis could exceed demand, resulting in a significant decline in the market price for cannabis. This dynamic has been manifested in fiscal 2022. If such supply or price fluctuations occur or continue to occur, the Company's revenue and profitability may fluctuate materially and its business, financial condition, results of operations and prospects may be adversely affected.

In addition, demand for cannabis and cannabis products is dependent on a number of social, political and economic factors that are beyond the Company's control. A material decline in the economic conditions affecting consumers can cause a reduction in disposable income for the average consumer, change consumption patterns and result in a reduction in spending on cannabis products or a switch to other products obtained through illegal channels. There can be no assurance that market demand for cannabis will continue to be sufficient to support the Company's current or future production levels.

Disruption of Supply Chain

Conditions or events including, but not limited to, those listed below could disrupt the Company's supply chains, interrupt operations at its facilities, increase operating expenses, resulting in loss of sales, delayed performance of contractual obligations or require additional expenditures to be incurred:

- extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.;
- a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "*Impact of the COVID-19 Pandemic; Other Potential Public Health Crises*");
- political instability, social and labour unrest, war or terrorism; or
- interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

Impact of the COVID-19 Pandemic; Other Potential Public Health Crises

Catastrophic events in general can have a material impact on the potential continuity of the business. The extent to which the COVID-19 pandemic may impact the Company's business, operations and financial performance will depend on future developments, including but not limited to, matters such as (a) the duration and/or

severity of the outbreak including the emergence of new variants of COVID-19, (b) government policies, restrictions and requirements as they relate to social distancing, forced quarantines and other requirements to contain COVID-19, (c) non-governmental influences or challenges such as the failure of banks and/or (d) any kind of ripple effect caused by the substantial economic damage that can be inflicted on society by the COVID-19 pandemic. The ultimate long-term impacts are highly uncertain and cannot be predicted with confidence.

A local, regional, national or international outbreak of a contagious disease, apart from COVID-19, could also have similar adverse effects, or other adverse unknown effects, on local economies and potentially the global economy, which may adversely impact the price and demand for the Company's products and its ability to carry out operations. Such an outbreak, if uncontrolled, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows, including a potential reduction in patient visits, recreational and bulk sales, and, as a result, potential lost revenue.

Effectiveness of Quality Control Systems

The quality and safety of the Company's products are critical to the success of its business and operations. As such, it is imperative that the Company's (and its service providers') quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although the Company strives to ensure that all of its service providers have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on the business, financial condition and operating results of the Company.

Development of New Products and Technologies

The Company and its competitors are actively seeking to develop new products in order to keep pace with any new market developments and generate revenue growth. The Company may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The technologies, processes and formulations the Company uses may also face competition or become obsolete. Rapidly evolving markets, technology, emerging industry standards and frequent introduction of new products characterize the cannabis business. The introduction of new products and new technologies, including new manufacturing processes or formulations, and the emergence of new industry standards may render the Company's current products obsolete, less competitive or less marketable.

The process of developing new products is complex and requires significant continuing costs, development efforts and third-party commitments. The Company may be unable to anticipate changes in customer requirements that could make its existing technology, processes or formulations obsolete. The Company's success will depend on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. Failure to develop new technologies and products and the obsolescence of existing technologies or processes could adversely affect the Company's business, financial condition, results of operations and prospects.

Reliance on Skilled Workers and Equipment

The ability of the Company to compete and grow cannabis will be dependent on it having access to, at a

reasonable cost and in a timely manner, skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Company may be significantly greater than anticipated by management, and may be greater than funds available, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the operations and financial results of the Company.

Attraction and Retention of Key Personnel

The Company has a small management team and the loss of a key individual or inability to attract suitably qualified management could have a material adverse effect on the Company's business. While employment and management services agreements are customarily used as a primary method of retaining the services of key personnel, these agreements cannot assure the continued services of such persons.

The Company may also encounter difficulties in obtaining and maintaining suitably qualified staff in certain of the jurisdictions in which it conducts business. In addition, there is a risk that management or key personnel will fail to execute in their roles or falter in judgment in certain circumstances, all of which could have an adverse effect on the operations and financial results of the Company.

Increased Labour Costs Based on Union Activity and a Deterioration in Relationships with Non-Unionized and Unionized Employees

With the exception of 6 employees represented by Unifor Local 597 in St. John's, NL, all of the Company's employees are currently non-unionized.¹

The maintenance of a productive and efficient labour environment cannot be assured. A deterioration in relationships with employees or in the labour environment could result in work interruptions or other disruptions, or cause management to divert time and resources from other aspects of the Company's business, which could have a material adverse effect on the Company's business, results of operations or financial condition.

In the event that additional bargaining units are formed and certified, the Company will be dependent on union representatives to renew any collective bargaining agreements on terms that are satisfactory as they become subject to renegotiation from time to time, the outcome of these labour negotiations could have a material adverse effect on the Company's business, results of operations or financial condition. Such could be the case if current or future labour negotiations or contracts were to further restrict the Company's ability to maximize the efficiency of its operations. In addition, the Company's ability to make short-term adjustments to control compensation and benefit costs may be limited by the terms of any applicable collective bargaining agreement.

The Company cannot predict the outcome of any current or future negotiations relating to labour disputes, union representation or the renewal of any collective bargaining agreements, if any, nor can the Company assure that it will not experience work stoppages, strikes, property damage or other forms of labour protests pending the outcome of any current or future negotiations. If any unionized workers engage in a strike or any other form of work stoppage, the Company could experience a significant disruption to its operations, damage to its property and/or interruption to its production, which could have a material adverse effect on the Company's business, results of operations or financial condition.

¹ As of June 29, 2023, all of the unionized employees have been provided with notice of termination in connection with the closing of the Company's call centre in St. John's, NL.

FINANCIAL RISKS

Compliance with TSX and OTCQB Requirements

On October 16, 2017, the TSX provided clarity regarding the application of Section 306 (Minimum Listing Requirements), Section 325 (Management) and Part VII (Halting of Trading, Suspension and Delisting of Securities) of the TSX Company Manual (collectively, the “**Requirements**”) to TSX-listed issuers with business activities in the cannabis sector. In TSX Staff Notice 2017-0009, the TSX notes that issuers with ongoing business activities that violate U.S. federal law regarding cannabis are not in compliance with the Requirements. The TSX reminded issuers that, among other things, should the TSX find that a listed issuer is engaging in activities contrary to the Requirements, the TSX has the discretion to initiate a delisting review. Failure to comply with the Requirements could have a material adverse effect on the Company’s business, financial condition and results of operations.

Following the completion of the Arrangement, on March 19, 2019, the common shares of Aleafia Health ceased trading on the TSXV and commenced trading on the TSX under the symbol “ALEF”, which was subsequently changed to “AH” on May 27, 2020.

The Company is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including, but not limited to, the Canadian Securities Administrators, the TSX, the OTCQB, and the Ontario Securities Commission. These rules and regulations continue to evolve in scope and complexity, creating many new requirements.

On March, 22, 2022, Aleafia Health received notice from the OTCQX that its bid price had closed below US\$0.10 for more than 30 consecutive calendar days and no longer met the Standards for Continued Qualification for the OTCQX International tier. Aleafia Health has been given a 180 day cure period for its share price to trade above US\$0.10 for ten consecutive days. If, by September 19, 2022, Aleafia Health’s bid price did not stay at or above the US\$0.10 minimum for ten consecutive trading days during the cure period, and, as a result, Aleafia Health was delisted from the OTCQX on September 21, 2022. However, Aleafia Health has instead been moved to the OTCQB as of September 21, 2022 where its common shares continue to trade.

Volatile Market Price of the Common Shares

The market price of the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company’s control. This volatility may affect the ability of holders of Common Shares to sell their securities for a profit, or at all. Market price fluctuations in the Common Shares may be due to the Company’s operating results failing to meet expectations of securities analysts (including short-sellers) or investors in any period, downward revision in securities analysts’ estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors.

Financial markets have historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company’s operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company’s operations could be adversely impacted, and the trading price of the Common Shares may be materially adversely affected.

Obligations as a Public Company

As a public company, the Company is subject to corporate governance and public disclosure requirements that may increase the Company's compliance costs and risk of non-compliance, which could adversely impact the price of the Common Shares.

Dilution

The Company's articles permit the issuance of an unlimited number of Common Shares and shareholders will have no pre-emptive rights in connection with such further issuance. The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company.

Interest Rate Risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits, the variable rate of interest applicable to the \$12.0 million term facility and the drawn amount of the \$7.0 million revolving facility. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term in nature. The interest rate risk on convertible debt is insignificant due to the fixed rate of interest on convertible debt. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company monitors interest rate and may enter into derivative instruments to hedge interest rate risk should it deem it economically efficient.

Foreign Exchange Rate

The Company may have exposure to changes in foreign exchange rates associated with transactions which are undertaken in currencies other than Canadian dollars. For international transactions in particular, pricing is frequently set out in foreign currency. As a result, the Company may be impacted by changes in exchange rates.

Ability to Establish and Maintain Bank Accounts

While the Company does not anticipate any banking restrictions at this time, there is a risk that banking institutions may not accept payments related to the cannabis industry. Such risks could increase costs for the Company. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that the Company will be required to seek alternative payment solutions. If the industry were to move towards alternative payment solutions, the Company would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. The Company's inability to manage such risks may adversely affect the Company's operations and financial performance.

Cash Flow from Operations

Operating cash flow may be negatively impacted in certain circumstances, many of which are beyond the Company's control. There is no assurance that sufficient revenues will be generated in the near future. In light of current market conditions, the Company will continue to experience negative cash flow until it reaches a sufficient level of sales with positive gross margins to cover operating expenses. An inability to generate positive cash flow until the Company reaches a sufficient level of sales with positive gross margins to cover operating expenses or raise additional capital on reasonable terms may adversely affect the Company's viability as an operating business.

Ability to Achieve or Maintain Profitability and Continue as a Going Concern

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to

continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

The Company has experienced recurring losses and, as of March 31, 2023, has a cumulative deficit of \$527.8 million (March 31, 2022 – \$493.2 million) and net working capital deficit of \$5.4 million (March 31, 2022 – deficiency of \$36.2 million). These factors indicate that there are material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to achieve profitable operations and/or raise equity or debt financing. There is no assurance that any necessary future financing will be sufficient to sustain operations until such time that the Company can generate sufficiently profitable operations to support its requirements. The consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern, such adjustments could be material. The Proposed Transaction, along with the related events as described herein under "*General Development of the Business – Recent Developments*" have the potential to significantly affect the Company's ability to continue as a going concern.

The Company's objectives when managing its liquidity and capital resources are to ensure sufficient liquidity to meet its financial obligations and execute its operating and strategic plans for at least the next twelve months. Management closely monitors the liquidity position and strives to have adequate sources of funding to finance the Company's projects and operations. The Company manages liquidity risk by exploring new debt and equity financing options, reviewing its capital structure to optimize the cost of capital, maintaining the continuity of equity and debt funding options, managing its non-cash current assets to ensure the timely conversion to cash, optimizing its fixed assets which in certain instances includes monetizing, and putting plans in place to meet its financial obligations as they come due.

The Company has multiple options which could potentially meet liquidity needs including converting its non-cash working capital to cash, selling non-core assets, issuing Common Shares via a public or private placement equity offering, and new debt financing options.

The Company's financial statements have been prepared on a going concern basis under which the Company is considered to be able to realize its assets and discharge its liabilities in the ordinary normal course of operations. The Company's ability to continue as a going concern, meet its commitments to sustain operations and settle its obligations as they become due within the next twelve months is dependent upon its ability to:

- generate sufficient revenues and positive cash flow from its operating activities;
- remain in compliance with its credit facilities and convertible debenture covenants; and
- raise additional debt and equity financing.

While the Company has been successful in obtaining financing to date, there can be no assurances whether it will be able to obtain sufficient funds from financing in the future and ultimately achieve profitability and positive cash flows from operations. Certain conditions may cast doubt upon the ability of the Company to continue as a going concern: the Company has a limited commercial operating history, and no recent significant revenues to provide ongoing operating capital; and until sufficient cash flows from operations are generated on a consistent basis, the Company will be reliant on debt and equity financing to sustain operations. The Company's ability to generate sufficient cash flows to maintain normal operations, if unsuccessful, will result in it not being able to continue as a going concern. In view of these conditions, the ability of the Company to continue as a going concern is dependent upon its continued ability to obtain financing, generate sufficient cash

flows and, ultimately, achieve profitable operations.

Additional Financing and Restrictions

The continued development of the Company may require additional financing. Even if its financial resources are sufficient to fund its current operations, there is no guarantee that the Company will be able to achieve its business objectives. The failure to raise additional capital could result in the delay or indefinite postponement of current business objectives or the Company becoming insolvent. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, on terms that are favourable or acceptable to the Company.

In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed in whole or in part, by debt, which may increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing.

If Aleafia Health's internal controls are ineffective, its operating results and market confidence in its reported financial information could be adversely affected.

The Company's internal controls over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls or fraud. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If the Company fails to maintain the adequacy of its internal controls, including any failure to implement required new or improved controls, if it experiences difficulties in their implementation, or if controls are disrupted or compromised as a result of cyber-attacks, its business and operating results and market confidence in its reported financial information could be harmed and it could fail to meet its financial reporting obligations.

Management identified the following material weaknesses based on a reasonable possibility that the Company's internal control framework will fail to prevent or detect a material misstatement:

- IT General Controls: The Company did not maintain effective information technology general controls related to user access, change management, and service organization oversight processes that support the Company's financial reporting processes. This may adversely impact the effectiveness of business process controls that are dependent on these systems.
- Management Review Controls: The Company did not consistently have documented evidence of review procedures and, due to resource limitations, did not always maintain segregation of duties between preparing and reviewing analyses, reconciliations and journal entries.

The Company has implemented measures, including reassigning oversight over the IT function to the Chief Financial Officer, augmenting the finance and accounting team with a new VP of Finance role which will allow for a reassignment of preparation and review activities that currently lack effective segregation of duties and whose key responsibilities include enhancing the internal control environment, engaging a third party independent service provider to assist with enterprise wide IT risk monitoring, implementing enhancements to

its accounting system to facilitate more robust data capture and reporting, realigning the entire corporate organizational reporting structure to streamline operations, improve accountability and the segregation of duties, and reviewing and documenting key accounting processes and procedures.

Although remedial measures have been taken, further investment in internal controls measures are necessary, there can be no assurance that such remedial measures when fully enacted will prove effective or that the Company's internal controls over financial reporting will become sufficient to prevent other material weaknesses in the future.

The existence of any material weaknesses in the future may preclude management from concluding that the Company's internal controls over financial reporting are effective and may further preclude its independent auditors from issuing an unqualified opinion that the Company's internal controls are effective. Any material weaknesses could cause investors to lose confidence in the Company's financial reporting and may negatively affect the price of its Common Shares. The Company can make no assurances that it will be able to timely and cost effectively remediate any internal control deficiencies. Moreover, effective internal controls are necessary to produce reliable financial reports. If the Company is unable to satisfactorily remediate any deficiencies or if it discovers other deficiencies in its internal controls over financial reporting, then such deficiencies could lead to misstatements in its financial statements or otherwise negatively impact its financial statements, business, results of operations and reputation.

Joint Venture Vehicles and Strategic Alliances

The Company currently operates parts of its business through joint ventures with other companies, and it may enter into additional joint ventures and strategic alliances in the future. Joint venture investments may involve risks not otherwise present for investments made solely by the Company, including: control, additional expenditures, conflicting interests and exit strategy, which could have a material adverse effect on the Company, its financial condition and results of operations. In addition, the Company may, in certain circumstances, be liable for the actions of its joint venture partners.

The Company's ability to complete and develop strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen regulatory issues, integration obstacles or costs, may not enhance the Company's business, and may involve risks that could adversely affect the Company, including significant amounts of management time that may be diverted from current operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that the Company's existing strategic alliances will continue to achieve, the expected benefits to the business or that the Company's will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on the business, results of operations, financial condition and cash flows of the Company.

Wholesale Price of Cannabis Volatility

The Company's revenues are in a large part derived from the production, sale, and distribution of cannabis. The cost of production, sale, and distribution of cannabis is dependent on a number of key inputs and their related costs, including equipment and supplies, labour and raw materials related to the Company's growing operations, as well other overhead costs such as electricity, water, and utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the Company's financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the Company's business, financial

condition, results of operations and prospects. There is currently no established market price for cannabis and the price of cannabis is affected by numerous factors beyond the Company's control. Any price decline may have a material adverse effect on the Company's business, financial condition and operations.

The Company's operating income may be significantly and adversely affected by a decline in the price of cannabis and will be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry, as the Company's profitability is directly related to the price of cannabis. Any price decline may have a material adverse effect on the Company.

Impact of the Illicit Supply of Cannabis

Despite the legalization of medical and adult-use cannabis in Canada, illegal operations remain. Illegal dispensaries and market participants may be able to:

- offer products with higher concentrations of active ingredients that are either expressly prohibited or impracticable to produce under current Canadian regulations;
- use delivery methods, including certain edibles, concentrates and extract vaporizers, that we are currently prohibited from offering to individuals in Canada;
- use marketing and branding strategies that are restricted under the *Cannabis Act* and *Cannabis Regulations*; and
- make claims not permissible under the *Cannabis Act* and other regulatory regimes.

As these illicit market participants do not comply with the regulations governing the medical and adult-use cannabis industry in Canada, their operations may also have significantly lower costs.

As a result of the competition presented by the illicit market for cannabis, any unwillingness by consumers currently utilizing these unlicensed distribution channels to begin purchasing from Licensed Producers for any reason or any inability or unwillingness of law enforcement authorities to enforce laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products could:

- result in the perpetuation of the illicit market for cannabis;
- adversely affect the Company's market share; and
- adversely impact the public perception of cannabis use and Licensed Producers, all of which could have a materially adverse impact on the Company's business, operations and financial condition.

Vulnerability to Rising Energy Costs

The Company's cannabis growing operations will consume considerable energy, which will make the Company vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may adversely impact the business of the Company and its ability to operate profitably.

Employee Health and Safety Regulations

The Company's operations are subject to laws and regulations concerning employee health and safety and the Company will incur ongoing costs and obligations related to compliance with such matters. Failure to comply with safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's manufacturing operations. In addition, changes in employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could result in a material adverse effect on the operations of the Company.

ENVIRONMENTAL RISKS

Environmental Regulations and Risks

The Company's operations are subject to environmental regulation federally and in the municipal and provincial jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards. They also set forth limitations on the generation, transportation, storage and disposal of waste. Environmental legislation is evolving in a manner which will require increasingly stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Risks Inherent in an Agricultural Business

The Company will be subject to the general risks inherent in the ownership and operation of the business of planting, growing, harvesting and marketing cannabis, which, as an agricultural product, is subject to the general risks associated with all agricultural products such as disease, insect pests, changes in raw material costs, the risk and uncertainties of planting, growing and harvesting, environmental matters, considerations relating to product quality, grading and branding, changes in laws and other general economic and market conditions.

Weather conditions and climate, which can vary substantially from year to year, may have a significant impact on the size and quality of the harvest of the crops processed and sold by the Company. Such adverse weather patterns could result in more permanent disruptions in the quality and size of the available crop, which could adversely affect the Company's business.

Like other agricultural products, the quality of cannabis grown outdoors is affected by weather and the environment, which can change the quality or size of the harvest. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that it would be less desirable to the Company's customers, which could result in a reduction in revenues. If such an event is also widespread, it could affect the Company's ability to acquire the quantity of products required by customers. In addition, other items can affect the marketability of cannabis grown outdoors, including, among other things, the presence of non-cannabis related material, genetically modified organisms and excess residues of pesticides, fungicides and herbicides. The Company does not maintain crop insurance due to the excessive costs thereof.

OTHER RISKS

Competition

To date, Health Canada has issued hundreds of Licences to produce, cultivate and/or sell cannabis. As a result, the Company has significant competition from other companies, some of which have longer operating histories and greater financial resources and operating and marketing experience than the Company. Additionally, a large number of companies appear to be applying for production licences, some of which may:

- have significantly greater financial, technical, marketing and other resources;
- be able to devote greater resources to the development, promotion, sale and support of their products and services; and
- have more extensive customer bases and broader customer relationships.

Should the size of the cannabis market increase as projected the demand for products will increase as well, and in order for the Company to be competitive it will need to invest significantly in research and development, marketing, production expansion, new client identification, and client support. If the Company is not successful

in attaining sufficient resources to invest in these areas, the Company's ability to compete in the market may be adversely affected, which could materially and adversely affect the Company's business, its financial conditions and operations.

In addition, the legal landscape for medical and adult-use cannabis is changing internationally. More countries have passed laws that allow for the production and distribution of medical cannabis in some form or another, and some of these countries may pass laws allowing for the production and distribution of adult-use cannabis as well. Increased international competition could materially adversely affect the Company's business, operations, or growth prospects.

Unfavourable Publicity or Consumer Perceptions

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or publicity will be favourable to the medical or recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company.

Adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Company's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have a material adverse effect on the Company's business, financial condition and results of operations. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

New Industry and Market

The Company's business as a Licensed Producer represents a relatively new industry and nascent market. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business, a business involving an agricultural product and a regulated consumer product, the Company will need to build brand awareness in the new industry and market through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations, especially against competitors who have already spent some time building their brands. These activities may not promote the Company's brand and products as effectively as intended, or at all.

This new market and industry into which management is entering will have competitive conditions, consumer tastes, patient requirements and unique circumstances, and spending patterns that differ from existing markets. There are no assurances that this new industry and market will exist or grow as estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects this new market and industry may materially and adversely affect the business, financial conditions and results of operations of the Company.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, the Company faces an

inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination.

Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention.

Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if the Company is subject to a recall, the reputation of the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention, potential loss of applicable Licences and potential legal fees and other expenses.

Long-Term Health Impacts Associated with Use of Cannabis and Cannabis Derivative Products

There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether for adult-use or medicinal purposes. As such, there are inherent risks associated with using the Company's cannabis and cannabis derivative products. Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur and consumers should consume cannabis at their own risk or in accordance with the direction of a health care practitioner.

Limited Standardized Research on the Effect of Cannabis

To date, there is limited standardization in the research of the effects of cannabis, and future clinical research

studies may lead to conclusions that dispute or conflict with the Company's understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis. Research in Canada and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids (such as CBD and THC) remains in relatively early stages. Future research and clinical trials may draw opposing conclusions to statements in this AIF or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to cannabis, which could adversely affect social acceptance of cannabis and the demand for the Company's products.

Managing Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In order to manage growth and changes in strategy effectively, the Company must

- maintain adequate systems to meet customer demand;
- expand sales and marketing, distribution capabilities and administrative functions; and
- attract and retain qualified employees, including in respect of its management team.

While it intends to focus on managing its costs and expenses over the long term, the Company expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities. The Company could also fail to successfully integrate acquired entities into the business of the Company.

Fraudulent or Illegal Activities by Employees, Contractors or Consultants

The Company's employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct that violates:

- government regulations;
- manufacturing standards;
- federal and provincial healthcare fraud and abuse laws and regulations; or
- laws that require the true, complete and accurate reporting of financial information or data.

It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Insurance Coverage

The Company has insurance to protect its assets, operations, directors and employees. While the Company maintains customary insurance coverage, such insurance is subject to coverage limits and exclusions and may not be available for all the risks and hazards to which the Company is exposed. In particular, the Company does not maintain crop insurance.

In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, the business, results of operations and financial condition could be materially adversely affected.

Litigation

The Company may become party to litigation from time to time in the ordinary course, which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the Common Shares and require the Company to devote significant resources to such matters. Even if the Company is involved in litigation and wins, litigation may redirect many of the Company's resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brands.

Conflicts of Interest

Certain directors and officers of the Company hold, and may in future hold, interests in other companies involved in the same or similar businesses to the Company and as such may, in certain circumstances, have a conflict of interest, which could be adverse to the Company and, whether the conflict of interest is real or perceived, put the reputation of the Company at risk.

Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the Company's governing corporate law statute which requires a director of a Company who is a party to, or is a director or an officer of, or has some material interest in any person who is a party to, a material contract or proposed material contract with the Company to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under applicable law.

Information Technology Systems and Cyber-Attacks

The Company has entered into agreements with third parties for hardware, software, telecommunications and other IT services in connection with its operations. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The

Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Privacy

The Company may experience breaches of security at our facilities or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws. Given the nature of the Company's products and its lack of legal availability outside of channels approved by the Government of Canada, as well as the concentration of inventory in the Company's facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of the facilities could expose the Company to additional liability, potentially costly litigation, increased expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing the Company's products. In addition, the Company collects and stores personal information about customers and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Data theft for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence, or through a deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Company's business, reputation, financial condition and results of operations. Furthermore, there are several federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the Personal Information Protection and Electronics Documents Act (Canada) ("**PIPEDA**"), protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If the Company were found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of patient health information, the Company could be subject to sanctions and civil or criminal penalties, which could increase the Company's liabilities, harm the Company's reputation, and have a material adverse effect on the Company's business, financial condition and operations.

U.S. Border Crossing

Cannabis remains illegal under U.S. federal law and those employed at or investing in legal and licensed Canadian cannabis companies could face detention, denial of entry or lifetime bans from the U.S. for their business associations with cannabis businesses. Entry happens at the sole discretion of the U.S. customs and border protection officers, who have wide latitude to ask questions to determine the admissibility of a foreign national.

The Government of Canada has warned travelers on its website that previous use of cannabis, or any substance prohibited by U.S. federal laws, could mean denial of entry to the U.S. Canadian travelers attempting to enter the U.S. for reasons related to the cannabis industry may be deemed inadmissible, and business or financial involvement in the legal cannabis industry in Canada or in the U.S. could be sufficient cause for US Customs Officers to deny entry.

DIVIDENDS AND DISTRIBUTIONS

Aleafia Health has never paid dividends on its Common Shares and has no present intention to pay dividends. Any decision to pay dividends will be made by Aleafia Health's board of directors in its sole discretion, and will depend on numerous factors including profitability, fluctuations in working capital, the sustainability of margins,

capital expenditures and other conditions existing at such future time.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of Aleafia Health consists of an unlimited number of Common Shares. As at the close of business on March 31, 2023 a total of 403,143,92 Common Shares were issued and outstanding. Each Common Share carries the right to one vote at all meetings of shareholders. There are no special rights or restrictions of any nature attached to the Common Shares. Each Common Share participates ratably in any dividend declared by the directors and carries the right to receive a proportionate share of the assets of Aleafia Health available for distribution to holders of Common Shares in the event of the liquidation, dissolution or winding-up of Aleafia Health.

MARKET FOR SECURITIES

Aleafia Health Common Shares

The Company's Common Shares trade on the TSX under the symbol "AH". The following table sets forth the reported price ranges and volume of trading for each month during the twelve-month period ending March 31, 2023:

Period	High	Low	Volume
April 2022	\$0.13	\$0.10	4,401,300
May 2022	\$0.11	\$0.08	4,151,900
June 2022	\$0.09	\$0.06	6,600,600
July 2022	\$0.08	\$0.06	5,582,000
August 2022	\$0.08	\$0.06	6,961,900
September 2022	\$0.07	\$0.04	5,458,100
October 2022	\$0.06	\$0.04	4,315,200
November 2022	\$0.09	\$0.06	6,320,800
December 2022	\$0.09	\$0.06	3,522,600
January 2023	\$0.09	\$0.06	3,976,000
February 2023	\$0.08	\$0.07	2,739,100
March 2023	\$0.07	\$0.05	1,675,400

Aleafia Health Warrants

Aleafia Health maintained three classes of warrants listed on the TSX during the twelve-month period ending March 31, 2023.

AH.WT – exercisable at a price of \$1.55 and expired on June 27, 2022. The following table sets forth the reported price ranges and volume of trading for the months of April through June of 2022:

Period	High	Low	Volume
April 2022	N/A	N/A	251.00
May 2022	\$0.00500	\$0.00500	50,000.00
June (1-27) 2022	\$0.00500	\$0.00500	2,071,380.00

AH.WT.A – exercisable at a price of \$0.80 and expired on May 29, 2023. The following table sets forth the reported price ranges and volume of trading for each month since April 1, 2022:

Period	High	Low	Volume
April 2022	\$0.03000	\$0.01000	85,400.00
May 2022	\$0.04500	\$0.01000	125,000.00
June 2022	\$0.02500	\$0.01000	143,500.00
July 2022	\$0.01500	\$0.00500	91,560.00
August 2022	\$0.01500	\$0.00500	209,500.00
September 2022	\$0.01000	\$0.00500	13,500.00
October 2022	\$0.01000	\$0.00500	19,000.00
November 2022	N/A	N/A	-
December 2022	\$0.00500	\$0.00500	17,000.00
January 2023	N/A	N/A	-
February 2023	\$0.00500	\$0.00500	5,000.00
March 2023	N/A	N/A	-

AH.WT.B – exercisable at a price of \$1.05 and expiring on March 9, 2023. The following table sets forth the reported price ranges and volume of trading for each month since April 1, 2022:

Period	High	Low	Volume
April 2022	N/A	N/A	-
May 2022	\$0.00500	\$0.00500	7,000.00
June 2022	\$0.00500	\$0.00500	4,000.00
July 2022	\$0.00500	\$0.00500	32,000.00
August 2022	\$0.00500	\$0.00500	50,000.00
September 2022	N/A	N/A	-
October 2022	\$0.00500	\$0.00500	10,000.00
November 2022	N/A	N/A	-
December 2022	\$0.00500	\$0.00500	10,000.00
January 2023	N/A	N/A	-
February 2023	N/A	N/A	-
March (1-9) 2023	N/A	N/A	-

Aleafia Health Debentures

During the year ended March 31, 2023, Aleafia Health maintained four classes of convertible debentures listed on the TSX as follows:

2024 Debentures (Symbol AH.DB.A)

The following table sets forth the reported price ranges and volume of trading for each month since October of 2022 when the 2024 Debentures were listed on the TSX:

Period	High	Low	Volume
October 31, 2022	\$0	\$0	0
November 2022	\$50.5	\$40.0	7,000

December 2022	\$38.0	\$38.0	1,000
January 2023	\$40.0	\$36.0	32,000
February 2023	\$30.0	\$34.0	5,000
March 2023	\$18.0	\$30.0	40,000

2026 Debentures (Symbol AH.DB.B)

The following table sets forth the reported price ranges and volume of trading for each month since October, 31, 2022 when the 2026 Debentures were listed on the TSX:

Period	High	Low	Volume
October 31, 2022	\$0	\$0	0
November 2022	\$50.5	\$40.0	7,000
December 2022	\$38.0	\$38.0	1,000
January 2023	\$0	\$0	0
February 2023	\$25.0	\$36.0	8,000
March 2023	\$18.0	\$30.0	13,000

2028 Debentures (Symbol AH.DB.C)

The following table sets forth the reported price ranges and volume of trading for each month since October of 2022 when the 2028 Debentures were listed on the TSX:

Period	High	Low	Volume
October 31, 2022	\$0	\$0	0
November 2022	\$50.0	\$40.0	3,000
December 2022	\$38.0	\$38.0	1,000
January 2023	\$0	\$0	0
February 2023	\$36.0	\$30.0	7,000
March 2023	\$30.0	\$18.0	20,000

Convertible Debentures

The below data in respect of the Convertible Debentures represents a time period prior to the expiry of the Forbearance Agreement and the completion of the Debenture Amendments, which were completed on June 27, 2022. See “*General Development of the Business - Recent Developments – Debenture Amendments and Private Placement*” and “*General Development of the Business – Three Year History - Fiscal 2022*”. The Convertible Debentures were delisted on June 27, 2022. The following table sets forth the reported price ranges and volume of trading for the months of April through June, 2022.

Period	High	Low	Volume
April 2022	\$40.0	\$26.0	445,000
May 2022	\$45.0	\$37.0	121,000
June (1-27), 2022	\$36.0	\$28.0	205,000

PRIOR SALES

The following table sets forth securities that are not listed or quoted on a marketplace issued by Aleafia Health during the twelve-month period ending March 31, 2023:

Date of Issuance	Number of Securities Issued	Type ⁽¹⁾	Issuance / Exercise Price Per Security
April 11, 2022	4,000	Options	\$0.1200
April 13, 2022	14,902,000	Options	\$0.1100
April 17, 2022	2,000	Options	\$0.1100
April 22, 2022	300,000	Options	\$0.1100
April 27, 2022	2,000	Options	\$0.1100
May 1, 2022	2,000	Options	\$0.1100
May 2, 2022	16,000	Options	\$0.1100
May 16, 2022	4,000	Options	\$0.0900
May 20, 2022	125,000	Warrants	\$0.3200
May 30, 2022	50,000	Options	\$0.0900
June 1, 2022	150,000	Options	\$0.0900
June 2, 2022	4,300,000	Options	\$0.0850
June 8, 2022	2,000	Options	\$0.0900
June 14, 2022	2,000	Options	\$0.0800
June 15, 2022	100,000	Options	\$0.0800
June 20, 2022	4,000	Options	\$0.0800
June 22, 2022	2,000	Options	\$0.0700
June 24, 2022	34,075,758	Warrants	\$0.1025
June 27, 2022	202,000	Options	\$0.0700
July 1, 2022	1,704,768	Deferred Share Units	N/A
July 1, 2022	50,000	Options	\$0.0800
July 4, 2022	4,000	Options	\$0.0800
July 5, 2022	2,000	Options	\$0.0800
July 11, 2022	4,000	Options	\$0.0700
July 15, 2022	2,000	Options	\$0.0700
July 26, 2022	2,000	Options	\$0.0700
August 1, 2022	50,000	Options	\$0.0700
August 2, 2022	75,000	Options	\$0.0700
August 15, 2022	100,000	Options	\$0.0800
August 17, 2022	4,000	Options	\$0.0700
August 20, 2022	125,000	Warrants	\$0.3200
August 29, 2022	75,000	Options	\$0.0700
September 1, 2022	75,000	Options	\$0.0650
September 6, 2022	2,000	Options	\$0.0650
September 19, 2022	100,000	Options	\$0.0600

September 26, 2022	2,000,000	Restricted Share Units	N/A
September 26, 2022	7,450,000	Options	\$0.0500
September 27, 2022	750,000	Options	\$0.0500
October 1, 2022	3,458,259	Deferred Share Units	N/A
October 3, 2022	5,000	Options	\$0.0500
October 17, 2022	104,000	Options	\$0.0500
November 13, 2022	2,000	Options	\$0.0900
November 14, 2022	2,000	Options	\$0.0850
November 28, 2022	2,000	Options	\$0.0700
January 1, 2023	2,331,677	Deferred Share Units	N/A
January 9, 2023	5,000	Options	\$0.7500
January 23, 2023	2,000	Options	\$0.0800
February 6, 2023	2,000	Options	\$0.0750
February 27, 2023	4,000	Options	\$0.0650
March 1, 2023	56,000	Options	\$0.0650
March 6, 2023	27,000	Options	\$0.0650
March 13, 2023	2,000	Options	\$0.0650
March 20, 2023	2,000	Options	\$0.0550

Notes:

(1) Options generally vest over two to three years and expire five years from the date of issuance.

DIRECTORS AND OFFICERS

Each of the directors of Aleafia Health is elected annually at the annual meeting of shareholders. All directors serve until the next annual meeting of shareholders or until a successor is elected or appointed or until the director is removed at a meeting of shareholders.

The following table sets forth, among other things, the name, province and country of residence, position, period served as a director and/or executive officer and principal occupation during the last five (5) years, for each person who serves as a director and/or executive officer of Aleafia Health, as at the date of this AIF.

Directors

Name, residence and positions of Director	Principal occupation, past five years	Director since
Mark Sandler ² Ontario, Canada	Senior partner of Cooper, Sandler, Shime & Bergman LLP, practicing as an appellate and trial lawyer in criminal and regulatory matters. Commissioner, Ontario Securities Commission (2017 to 2019).	March 14, 2019

² Mr. Sandler retired from the Board of Directors of Aleafia, effective January 30, 2023.

<p>Lu Galasso Ontario, Canada</p> <p>Audit Committee Chair</p> <p>Governance Committee Member</p>	<p>Partner and CFO at Zzen Group of Companies (2004 to present).</p>	<p>January 31, 2021</p>
<p>Ian Troop Ontario, Canada</p> <p>HR and Compensation Committee Chair</p>	<p>Corporate and Charitable Director</p>	<p>June 29, 2021</p>
<p>David Pasieka Ontario, Canada</p> <p>Board Chair</p> <p>Governance Committee Chair</p> <p>HR and Compensation Committee Member</p>	<p>Consultant - Managing Partner - Cedarvue (an advisory company focused on governance, ESG, cyber, Risk Management, Coaching and Mentoring.)</p>	<p>September 1, 2021</p>
<p>Jon Pereira Ontario, Canada</p> <p>Governance Committee</p>	<p>President - AMII business unit for TTM technologies (a US publicly traded manufacturer of circuit boards). Retired December 31st, 2020.</p>	<p>July 29, 2021</p>
<p>Carlo Sistilli Ontario, Canada</p> <p>Audit Committee Member</p>	<p>CFO at Arista Homes Limited (2003 to present).</p>	<p>January 31, 2021</p>

Directors: Detailed Biographies

Lu Galasso

See “*Audit Committee and Related Information*” for Mr. Galasso’s biography.

Ian Troop

Ian Troop is a seasoned executive and business leader in the for-profit and not-for-profit sectors in Canada and globally. His career is highlighted by 20 years at Procter & Gamble leading business divisions in Mexico, Poland and North America. He was the CEO of the successful 2015 Parapan American Games hosted in Toronto, which remains the largest sporting event in Canadian history. Mr. Troop was appointed as Operating Advisor to the private equity group of OMERS, one of Canada’s largest pension funds.

David Pasieka

See “*Audit Committee and Related Information*” for Mr. Pasieka’s biography.

Jon Pereira

Jon Pereira brings a wealth of operations and executive management experience gained from previously held positions in the electronics manufacturing space and board service. A respected Canadian entrepreneur, he co-

founded Olympic Circuits which was later acquired by a U.S. publicly traded company. Mr. Pereira led the integration and continued to serve as president of a key business unit managing over 8000 employees and generating revenue in excess of USD\$800 million spanning global markets across North America, Asia and Europe. Throughout his career, Mr. Pereira has led with a strong focus on operational efficiency, cost management and strategic business development. He received a Bachelor of Chemical Engineering from the University of Toronto.

Carlo Sistilli

See “*Audit Committee and Related Information*” for Mr. Sistilli’s biography.

Executive Officers

Name, residence and position of Officer	Principal occupation, past five years	Officer since
Tricia Symmes Ontario, Canada Chief Executive Officer	Current Chief Executive Officer of Aleafia Health; General Manager of CX Industries (2019 to 2020); Chief Operating Officer at Acerus Pharma (2016 to 2019).	August 27, 2020
Matthew Sale Ontario, Canada Chief Financial Officer	Current CFO of Aleafia Health; Director, Investment Banking, Raymond James (2018-2021); Vice President, Investment Banking, BMO Capital Markets (2011-2018).	June 21, 2021
David Shepherd Ontario, Canada SVP, Human Resources	Current Senior Vice-President of Human Resources of Aleafia Health; Director, Human Resources - The Ippolito Group (2008 to 2019); Executive Board Secretary - Food and Beverage Ontario (2011 to 2018); Program Advisory Chair - Conestoga College Cambridge, Ontario (2012 to 2021).	January 14, 2019
Dr. Michael Verbora³ Ontario, Canada Chief Medical Officer	Current Chief Medical Officer of Aleafia Health; Dr. Michael Verbora MPC (2015 to present); Resident Physician at Department of Family Medicine (University of Toronto) (2013 to 2016).	March 26, 2018

Executive Officers: Detailed Biographies

Tricia Symmes

Tricia Symmes brings over 20 years of experience as issued a senior executive in the pharmaceutical, consumer

³ As of May 3, 2023, Dr. Verbora ceased his position as Chief Medical Officer.

packaged goods, and cannabis industries. Most recently, Ms. Symmes served as General Manager at CX Industries, a wholly owned subsidiary of WeedMD Inc. Ms. Symmes has extensive executive C-suite experience in the pharmaceutical, biotech and cannabis industries in both North American and international markets. Serving as chief operating officer and general manager of multinational public companies, including Alcon Canada and Novartis Pharmaceuticals, she has extensive CPG experience and is well-versed in consumer trends having led the development and execution of commercialization strategies, operations, business development, sales, and marketing. She holds an MBA from Charles Sturt University (Australia), and an Honours BSc in Kinesiology (Western University).

Matthew Sale

Matt is a proven finance professional who brings over 15 years of progressively more senior leadership roles and accomplishments to Aleafia Health. Working within the investment banking groups of Raymond James and BMO Capital Markets, he has been a trusted financial advisor to some of Canada's most prominent publicly listed and private companies, helping execute their growth strategy, equity and debt financing transactions, and mergers & acquisitions. Matt holds a Bachelor of Commerce from the University of Toronto, earned his Master of Business Administration from the Rotman School of Management at the University of Toronto and is a Chartered Professional Accountant.

OWNERSHIP OF COMMON SHARES

As of March 31, 2023, the directors and executive officers of Aleafia Health, as a group, beneficially owned or controlled or directed, directly or indirectly, an aggregate of 6,172,650 Common Shares, representing 1.5% of the issued and outstanding Common Shares of Aleafia Health.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Cease Trade Orders, Bankruptcies

To the knowledge of Aleafia Health, no director or executive officer of Aleafia Health or personal holding company of any of them, is, as of the date of this AIF or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Aleafia Health) that:

- was subject to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days (an “**order**”) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of Aleafia Health, no director or executive officer of Aleafia Health, or shareholder holding a sufficient number of securities of Aleafia Health to affect materially the control of Aleafia Health, or personal holding company of any of them, is, at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including Aleafia Health) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

To the knowledge of Aleafia Health, no director or executive officer of Aleafia Health, or shareholder holding a sufficient number of securities of Aleafia Health to affect materially the control of Aleafia Health, or personal holding company of any of them, has been subject to:

- any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- any other penalties or sanctions imposed by a court or regulatory body that would be likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

To the knowledge of Aleafia Health, no director, or executive officer of Aleafia Health or shareholder holding a sufficient number of securities of Aleafia Health to affect materially the control of Aleafia Health, or a personal holding company of any of them, has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

Aleafia Health's directors and officers are required by law to act honestly and in good faith with a view to the best interests of Aleafia Health and to disclose any conflicts of interest which they may have. If a conflict of interest arises, a director or officer must disclose his or her interest and a director must not attend any part of a meeting of directors during which the matter is discussed and must not vote on any resolution approving such matter.

To the knowledge of Aleafia Health, and other than as disclosed in this AIF, there are no known existing or potential material conflicts of interest between Aleafia Health, a subsidiary of Aleafia Health, and any director or officer of Aleafia Health or of a subsidiary of Aleafia Health, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to Aleafia Health and their duties as a director or officer of such other companies.

In April of 2023, Mr. Galasso and Mr. Sistilli voluntarily recused themselves from discussions concerning the Potential Transaction involving RWB. Mr. Galasso is a Partner and the Chief Financial Officer at the Zzen Group of Companies, an affiliate of which, RGR, is the senior secured lender to RWB and also an unsecured lender to Aleafia. Mr. Sistilli is employed by the owner of a private entity with an interest in the Credit Facility provided to Aleafia by 1260356 Ontario Limited.

AUDIT COMMITTEE AND RELATED INFORMATION

The following information is provided in accordance with Form 52-110F1 under the Canadian Securities Administrators' National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”).

Audit Committee Charter

The Audit Committee Charter (the “**Charter**”) is attached as Schedule “A” to this AIF. The Charter was updated effective June 27, 2022.

Composition of the Audit Committee

The audit committee (the “**Audit Committee**”) is currently composed of the following three directors: Lu Galasso, David Pasioka and Carlo Sistilli. Each director was and is considered “independent” and “financially literate” (as such terms are defined in NI 52-110).

Relevant Education and Experience

Each member of the Audit Committee is financially literate, i.e., has the ability to read and understand financial statements. Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Charter. The following is a description of the education and experience of each member of the Audit Committee that is, in addition to such member’s general business experience, relevant to the performance of his or her responsibilities as a member of the Audit Committee.

Lu Galasso, Audit Committee Chair

Lu Galasso is a Chartered Professional Accountant, CA, CPA and holds the Institute of Corporate Directors ICD.D designation. He is a Partner with the Zzen Group of Companies, a company in the real estate and manufacturing sectors, where he is the CFO and head of strategic developments for the manufacturing operations.

Lu is Chair of the Board of Directors for Titanium Transportation Group, a trucking and logistics business listed on the TSX. He is also the President of the Board of Directors of the Meta Foundation, a member of the Board for the St. Christopher Children’s Home, and a member of the Dean’s Advisory Board for the Faculty of Management at Laurentian University.

David Pasioka, Audit Committee Member

David Pasioka is a seasoned public and private company executive and director with extensive board level experience in finance & audit, Human resources, risk management, and ESG. Mr. Pasioka was a long-standing c-suite executive at Algonquin Power & Utilities, overseeing its growth into a global energy leader and member of the S&P/TSX 60 Index Canada’s largest companies. Mr Pasioka retired from Algonquin in January 2020 and is now the managing partner of his Advisory company Cedarvue. He also served as entrepreneur in residence at the MaRS Discovery District, North America’s largest innovation hub supporting the growth of over 1,400 Canadian startups. He holds an MBA from York University along with a Chartered Director designation.

Carlo Sistilli, Audit Committee Member

Mr. Sistilli is a Chartered Professional Accountant and a Certified Management Accountant, CPA, CMA. As Chief Financial Officer and member of the Senior Management team of Arista Homes, Carlo plays a key role in overall operations including evaluation of mergers and acquisitions.

Prior to Arista, Carlo co-founded and served as CFO, member of the M&A team and member of the Board of Directors of an Internet start-up company, playing a key role in taking the company public on the Alberta Ventures Exchange. Carlo is the Chairman of the Board of Directors and Chair of the Audit Committee of Edesa Biotech, Inc., a company listed on NASDAQ. Mr. Sistilli is an officer and a member of the Board of Directors of Mother of Mercy Centre, a charity operating in Ontario.

Audit Committee Oversight

At no time since the commencement of Aleafia Health’s most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

To date, the Board has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

Fiscal year	Audit Fees (\$) ⁽¹⁾	Audit Related Fees (\$) ⁽²⁾	Tax Fees (\$) ⁽³⁾	All Other Fees (\$) ⁽⁴⁾
2023	250,000	94,022	–	–
2022	230,640	180,500	50,000	33,500

1. “Audit Fees” includes fees for the performance of the annual audit and for accounting consultations on matters reflected in the financial statements.
2. “Audit-Related Fees” includes fees for assurance and related services that are related to the performance of the review of the financial statements including fees for the AIF and “earn-in” audit work and are not reported under 1.
3. “Tax Fees” includes fees for tax compliance, tax planning and tax advice.
4. “All Other Fees” includes fees for valuation services and investigative services.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Dispute with A. Tayts

Certain of Emblem Corp.’s former executives have been named in a claim commenced March 20, 2015, in the Ontario Superior Court of Justice that also identifies Emblem Corp. and Emblem in relation to certain services provided to the parties by an individual. The plaintiff has claimed \$10 million in damages. The claim is being contested and the action is proceeding to mediation in the fall. The outcome of this legal matter is subject to negotiations by the officers of the Company and the Company believes it is unlikely to be impacted and accordingly, no amount has been provided for. A separate claim was also initiated by Tayts on March 22, 2019, in the Ontario Superior Court of Justice against Emblem and Emblem Corp. arising out of the same facts and seeking the same damages. It is also being contested.

Class-action lawsuit

On June 16, 2020, a class-action lawsuit was issued in Calgary, Alberta by Lisa Marie Langevin as the proposed representative plaintiff. The claim has been filed against most of the cannabis manufacturers in Canada and includes, among the many defendants, Emblem Corp. and Aleafia Health. The claim alleges that the THC and CBD levels in the products manufactured and/or sold by the defendants differed from what was represented on packaging, specifically alleging that THC and CBD levels were found to be significantly higher than indicated in some products while others may have had significantly lower levels. The action is seeking \$500 million (or such other amount as may be proven at trial) for all Canadians who purchased medicinal cannabis products on or after June 16, 2010, as well as Canadians who legally purchased cannabis for recreational purposes on or after October 17, 2018. The claim also seeks \$5,000,000 in punitive damages. Ms. Langevin has not alleged that she ever purchased product from Emblem or Aleafia Health. The case is at its earliest stages. The Company believes it has good defenses to the claim and intends to vigorously defend the claim. Accordingly, at this stage no amount has been provided for in the consolidated statements of financial position in respect of this claim.

Although such matters cannot be predicted with certainty, management does not consider the Company’s exposure to these claims to be material.

In the ordinary course of business, the Company may be involved in and potentially subject to legal proceedings.

The proceedings may involve suppliers, customers, regulators, tax authorities or other persons. The potential outcome of legal proceedings and claims may be uncertain and could result in a material adverse effect on the Company's reputation, operations or financial condition or performance. As of the date of this AIF, the Company is not aware of: (a) any legal proceedings to which the Company is a party, or to which any of the Company's property is subject, which are likely to have a material adverse effect on the business, operations or financial conditions of the Company or of any such proceedings being contemplated, (b) any penalties or sanctions imposed by a court relating to securities legislation, or other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor making an investment decision, and (c) any settlement agreements that the Company has entered into before a court relating to securities legislation or with a securities regulatory authority.

CEWS Matter

On February 8, 2023, the Company received a letter from the Canada Revenue Agency (“**CRA**”) with respect to Emblem's previously filed Canada Emergency Wage Subsidy (“**CEWS**”) for the period between March 15, 2020 and March 13, 2021. The CRA has audited said periods for Emblem and has proposed a claw back in the amount of \$3,200 related to the CEWS funds provided to the Company. The Company is actively reviewing the CRA's findings and intends to file a Notice of Objection. Based on the Company's records and external advice, it remains of the belief that it is owed the full amount of the previously claimed and received CEWS funds. At this time, it is not possible to make a reasonable and reliable estimate of the likelihood of the outcome of the dispute. Accordingly, the Company has not accrued for any potential disallowed CEWS claims in the period. The Company will continue to assess the matter as the dispute resolution progresses.

INTEREST OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this AIF, no director or executive officer of Aleafia Health, any other insider of Aleafia Health or any associate or affiliate of any of such individuals or companies has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares of Aleafia Health is Odyssey Trust Company, Trader's Bank Building, 702, 67 Yonge Street, Toronto ON M5E 1J8.

MATERIAL CONTRACTS

Except for material contracts entered into in the ordinary course of business, there were no material contracts entered into by the Company within the most recently completed financial year and through to the date of this AIF, or prior thereto and that are still in effect as of the date hereof other than the following:

- The Niagara Licence, see “*Description of the Business – Niagara Licence*”.
- The Port Perry Licence, see “*Description of the Business – Port Perry Licence*”.
- The Paris Licence, see “*Description of the Business – Paris Licence*”.
- The Distribution Centre Licence, see “*Description of the Business – Distribution Centre Licence*”.
- Credit agreement dated as of August 20, 2021 made between Aleafia Health, as Borrower, and the Lender, and amended as of December 24, 2021.

- Loan Agreement made as of December 24, 2021 between NE SPC II LP, a limited partnership formed under the laws of the Province of Ontario and Aleafia Health, Emblem, Aleafia Farms, Emblem Corp., Canabo and Aleafia Inc., as amended by the Loan Amending Agreements, and subsequently assigned to RWB pursuant to the Loan Assignment Agreement on June 6, 2023.
- Amended and restated debenture indenture dated as of June 27, 2022 made between Aleafia Health and Computershare as relates to the Convertible Debentures, the first supplemental indenture dated as of June 27, 2022 as relates to the issue of the 2024 Debentures, the second supplemental indenture dated as of June 27, 2022 as relates to the issue of the 2026 Debentures, and the third supplemental indenture dated as of June 27, 2022 as relates to the issue of the 2028 Debentures.
- Letter Agreement dated June 6, 2023 made between Aleafia Health and RWB.

INTERESTS OF EXPERTS

The annual consolidated financial statements for the fiscal year ended March 31, 2023 were audited by Accell Audit & Compliance, PA. The auditors of the Company have confirmed that they are independent of the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations and also that they are independent accountants with respect to the Company under all relevant US professional and regulatory standards.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com and on its website at www.aleafiahealth.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Aleafia Health's securities and securities authorized for issuance under equity compensation plans, is contained in Aleafia Health's management information circular for its previous annual and special meeting of shareholders held on September 27, 2022. For information relating to compensation and corporate governance related matters, please see "*Statement of Executive Compensation*" and "*Statement of Corporate Governance Practices*", respectively, in such circular.

Additional financial information is provided in the Company's audited consolidated financial statements and management's discussion and analysis for its most recently completed financial year.

SCHEDULE “A”: AUDIT COMMITTEE CHARTER

As approved by the Board of Directors on June 27, 2022.

Article 1 – Purpose and Scope

1.1 Functions of the Audit Committee

The primary functions of the Audit Committee (the “**Committee**”) of the Board of Directors of the Corporation (the “**Board**”) are to exercise the responsibilities and duties set forth below, including but not limited to:

- (a) assist the Board in fulfilling its responsibilities by reviewing:
 - (i) the financial reports prepared by management of the Corporation for filing with the Canadian and U.S. securities regulatory authorities, including the Ontario Securities Commission and the U.S. Securities and Exchange Commission, any stock exchange and any other governmental or regulatory authority exercising authority over the Corporation (each a “**Regulatory Authority**”);
 - (ii) the Corporation’s financial statements, management’s discussion and analysis of the Corporation’s financial condition and results of operations (the “**MD&A**”), and annual and interim profit or loss press releases before the Corporation discloses the information to the Corporation’s shareholders and to the general public; and
 - (iii) the Corporation’s internal financial and accounting controls established by management of the Corporation;
- (b) recommend to the Board the external auditor to be nominated for appointment by the shareholders of the Corporation for the purpose of preparing or issuing an auditor’s report;
- (c) recommend to the Board the external auditor performing other audit, review or attest services for the issuer;
- (d) recommend to the Board the compensation of the external auditor to be fixed by the Board as authorized by the Shareholders of the Corporation;
- (e) oversee the work performed by any independent external audit firm, including its conduct of the annual audit and engagement for any other services, as well as review the qualifications and independence of such auditor;
- (f) oversee the accounting and financial reporting processes of the Corporation as established by the Corporation’s management;
- (g) recommend, establish and monitor procedures, including without limitation those relating to financial reporting risk management and those designed to improve the quality and reliability of the disclosure of the Corporation’s financial condition and results of operations,
- (h) without limiting Section 1.12.1(g), establish and monitor procedures designed to facilitate:

- (i) the receipt, retention and treatment of complaints relating to accounting, internal accounting controls or auditing matters, and
 - (ii) the receipt of confidential or anonymous submissions by employees of concerns regarding questionable accounting or auditing matters,
- (i) assist the Board with respect to the Corporation's compliance with legal and regulatory requirements relating to the Committee's mandate under this Charter;
 - (j) engage advisors as necessary, and
 - (k) determine the relevant funding required by the Corporation for the payment of the independent audit firm, any advisors engaged by the Committee and ordinary administrative expenses of the Committee.

Article 2 – Composition and Meetings

2.1 Composition

- (a) The Committee shall be comprised of a minimum of three directors of the Board as appointed by the Board, each of whom:
 - (i) meets the applicable independence and/or audit committee composition requirements set forth in:
 - (A) National Instrument 52-110 — *Audit Committees* of the Canadian Securities Administrators;
 - (B) Section 10A-3 of, and Rule 10A-3(b)(1) under, the Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”),
 - (C) the NASDAQ Listing Standards, the TSX-V or TSX Company Manual, as applicable, or the rules of any other applicable stock exchange;
 - (D) the Business Corporations Act (Ontario); and
 - (E) any other applicable rule, policy or law of any Regulatory Authority, as in effect from time to time (collectively, the “**Applicable Requirements**”); and
 - (ii) has not participated in the preparation or audit of financial statements of the Corporation or any current subsidiary of the Corporation at any time during the past three years.
- (b) All members of the Committee shall be “financially literate”, which is defined as having a basic understanding of finance and accounting and having the ability to read and understand fundamental financial statements, including a balance sheet, cash flow statement and income statement, that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

- (c) At least one member of the Committee shall have employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Further, at least one member of the Committee shall qualify as an "audit committee financial expert" (as such term is defined in paragraph 8(b) of General Instruction B of Form 40-F under the U.S. Exchange Act).
- (d) The Committee shall ensure that all necessary and proper disclosures shall be made in all applicable filings with the Regulatory Authorities as to composition of the Committee.
- (e) Committee members may enhance their familiarity with finance and accounting by participating in education programs conducted by the Corporation or an outside consultant at the Corporation's expense. Independence and financial literacy are to be determined by the Board of Directors in accordance with applicable laws, rules and regulations of the Regulatory Authorities.

2.2 Appointment

- (a) The members of the Committee shall be appointed by the Board at the meeting of the Board following each annual meeting of shareholders and shall serve until their successors shall be duly elected and qualified or until their earlier death, resignation or removal.
- (b) The Board may fill a vacancy in the membership of the Committee and remove a member of the Committee at any time for any reason.
- (c) Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. In the absence of the Chair at a duly convened meeting, the Committee shall select a temporary substitute from among its members.

2.3 Meetings

- (a) The Committee shall meet on a regularly-scheduled basis at least four times per year or more frequently as circumstances dictate.
- (b) At the invitation of the Committee, members of the Corporation's management, senior personnel of the Corporation's internal audit function and others may attend Committee meetings as the Committee considers necessary or desirable.
- (c) Representatives of the Corporation's independent external audit firm are entitled to attend and be heard at each Committee meeting.
- (d) The Committee shall hold executive sessions without management present at each Committee meeting.
- (e) All independent directors may attend Committee meetings, provided that directors who are not members of the Committee shall not be entitled to vote, nor shall their attendance be counted as part of the quorum of the Committee.

- (f) The Chair of the Committee or any member of the Committee may call a meeting by notifying the members of the Committee. Ordinarily, meetings of the Committee should be convened with no less than 48 hours' notice having been given. The requirement for notice to a Committee member can be waived in writing by that Committee member or with the consent of no less than the number of Committee members that constitutes a quorum of the Committee, whether before or after such notice is required. Attendance by a Committee member constitutes waiver of notice to such Committee member of such meeting.
- (g) The Committee shall report its actions to the members of the Board and the Corporate Secretary of the Corporation and keep written minutes of its meetings which shall be recorded and filed with the books and records of the Corporation. Minutes of each meeting will be made available to the members of the Board and the Secretary of the Corporation.

2.4 Quorum

A majority of the members of the Committee shall constitute a quorum at any meeting of the Committee, but in no case shall a quorum be comprised of less than two members of the Committee, and the action of a majority of those present, after determining a quorum, shall be the act of the Committee.

Article 3 - Responsibilities and Duties

2.1 Document Review

- (a) The Committee shall review and assess the adequacy of this Charter periodically as conditions dictate, but at least annually, and recommend changes to the Board for its approval, if and when appropriate.
- (b) The Committee shall review the Corporation's audited annual financial statements, the auditors' report thereon and the related financial disclosures, including the MD&A, prior to their filing with any Regulatory Authority, including:
 - (i) the audit reports of the Corporation's financial statements and management's assessment of internal control over financial reporting, any memorandum prepared by the Corporation's independent external audit firm with respect to assessment of internal controls over financial reporting, any other pertinent reports and management's responses concerning any such memorandum;
 - (ii) the qualitative judgments of the independent external audit firm about the appropriateness of accounting principles and financial disclosure practices used or proposed to be adopted by the Corporation;
 - (iii) the selection, application, and appropriateness of the Corporation's critical accounting policies, matters of significant judgment, and/or significant unusual transactions;
 - (iv) the development of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;
 - (v) management's process for formulating sensitive accounting estimates and the reasonableness of these estimates;

- (vi) significant recorded and unrecorded audit adjustments;
- (vii) any material accounting issues among management and the independent external audit firm; and
- (viii) other matters required to be communicated to the Committee under applicable auditing standards by independent auditors.

After such review, the Committee shall recommend to the Board whether such audited annual financial statements and related MD&A should be filed with the applicable Regulatory Authorities.

- (c) The Committee shall review the Corporation's quarterly financial statements and the related MD&A. After such review, the Committee shall recommend to the Board whether such financial statements and related MD&A should be filed with the applicable Regulatory Authorities. If any Regulatory Authority requires that the independent external audit firm review the Corporation's interim financial statements prior to their filing with the Regulatory Authority, the Committee shall take steps designed to ensure that such review has been completed.
- (d) The Committee shall review any other financial reports and filings as may be deemed appropriate by the Committee or required by any other Regulatory Authority (including financial disclosure in a registration statement, prospectus or other securities offering document of the Corporation, press releases disclosing, or based upon, financial results of the Corporation including earnings releases and any other material financial disclosure, including financial guidance provided to analysts, rating agencies or otherwise publicly disseminated) and shall recommend to the Board whether such other financial reports or filings should be included in any external filing.
- (e) The Committee shall review any forward-looking financial information prepared by management of the Corporation that is proposed to be publicly disseminated.

3.2 Independent Audit Firm

- (a) Subject to the approval of the Board and the shareholders of the Corporation as may be required under the *Business Corporations Act* (Ontario), the Committee shall have the sole authority and direct responsibility for the appointment, compensation and oversight of any independent external audit firm engaged for the purpose of preparing or issuing an external audit report or performing other audit, review or attest services for the Corporation, and each such independent audit firm must report directly to the Committee. The authority of the Committee shall include ultimate authority to approve all audit engagement fees and terms.
- (b) The Committee shall approve in advance any and all audit services and permissible non-audit services to be performed by the independent external audit firm in accordance with Applicable Requirements (as defined below) and adopt and implement policies for such pre-approval.
- (c) The Committee shall determine funding necessary for compensation of any independent external audit firm and notify the Corporation of anticipated funding needs of the Committee.

- (d) The Committee shall instruct the independent external audit firm that it should report directly to the Committee on matters pertaining to the work performed during its engagement and on matters required by the Applicable Requirements and shall resolve any disagreements between management and the independent external audit firm as to financial reporting matters
- (e) On at least an annual basis, the Committee shall receive from the independent external audit firm a formal written statement identifying all relationships between the independent external audit firm and the Corporation consistent with the applicable requirements of the Public Corporation Accounting Oversight Board (the “**PCAOB**”), the Canadian Auditing and Assurance Standards Board and/or the applicable Rules of Professional Conduct/Code of Ethics adopted by the order of chartered accountants to which it belongs and the Applicable Requirements. The Committee shall actively engage in a dialogue with the independent external audit firm as to any disclosed relationships or services that may impact its objectivity and independence and take any other action considered appropriate to satisfy the Committee of the independence of the independent external audit firm. The Committee shall establish policies for ensuring receipt from the independent external audit firm of a formal written statement of independence prior to engagement, and then on at least an annual basis, and take appropriate action to oversee the independence of the independent external audit firm.
- (f) On an annual basis, the Committee shall discuss with representatives of the independent external audit firm the matters required to be discussed by PCAOB Auditing Standard No. 16 Communications with Audit Committee, as it may be modified or supplemented, or any other applicable standards of the PCAOB.
- (g) The Committee shall evaluate the qualifications and performance of the independent external audit firm and shall, at least annually, review the qualifications and performance of the lead partner(s) of the independent external audit firm.
- (h) The Committee shall obtain a report from the independent external audit firm annually verifying that the lead partner has served in that capacity for no more than five fiscal years of the Corporation and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.
- (i) The Committee shall review and approve policies for the Corporation’s hiring of partners and employees or former partners and employees of the independent audit firm.
- (j) When a change of independent external audit firm is proposed, the Committee shall review all issues related to the change, including the information required to be disclosed by any Regulatory Authority.
- (k) The Committee shall review all reportable events, including disagreements, unresolved issues and consultations with the Corporation’s independent external audit firm, whether or not there is to be a change of independent audit firm, and receive and review all reports prepared by the independent audit firm.

3.3 Financial Reporting Processes

- (a) In consultation with the Corporation's management and the independent external audit firm, the Committee shall review annually the adequacy of the Corporation's internal control over financial reporting and consider, in particular:
 - (i) the effectiveness of, or weakness or deficiencies in: the design or operation of the Corporation's internal controls (including computerized information system controls and security), the overall control environment for managing business risks, and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
 - (ii) any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, including those in the Corporation's periodic regulatory filings;
 - (iii) any issues raised by any inquiry or investigation by any Regulatory Authority;
 - (iv) the Corporation's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Corporation to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other senior employees who have a significant role in financial reporting; and
 - (v) any related significant issues and recommendations of the independent external audit firm together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.
- (b) The Committee shall require the Corporation's Chief Executive Officer and Chief Financial Officer to submit a report to the Committee prior to the filing of the Corporation's annual audited financial statements and quarterly unaudited interim financial statements, which is based on their evaluation of internal control over financial reporting, and which discloses:
 - (i) any and all significant deficiencies and material weaknesses in the design and operation of the internal controls over financial reporting which are reasonably likely to adversely affect the Corporation's ability to record, process, summarize, and report financial data;
 - (ii) any significant changes in internal control over financial reporting; and
 - (iii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal control over financial reporting,

- (c) The Committee shall direct the actions to be taken and/or make recommendations to the Board of actions to be taken, to the extent such report indicates the finding of any significant deficiencies in internal control over financial reporting or fraud.
- (d) In consultation with the Corporate Secretary, the General Counsel or other management members as appropriate, the Committee shall review legal compliance matters that may have a material impact on the Corporation, the effectiveness of the Corporation's compliance policies, and any material communications from regulators, as well as management's plans to remediate any deficiencies identified.
- (e) The Committee shall:
 - (i) regularly review the Corporation's critical accounting policies and accounting estimates resulting from the application of these policies;
 - (ii) inquire at least annually of both the Corporation's management and the independent external audit firm as to whether each has any concerns relative to the quality or aggressiveness of management's accounting policies;
 - (iii) review with the independent external audit firm alternative accounting treatments that have been discussed with management;
 - (iv) review with management any significant changes in IFRS as issued by the IASB, as well as emerging accounting and auditing issues, and their potential effects; and
 - (v) review with management matters that may have a material effect on the financial statements.

3.4 Compliance

- a) The Committee shall establish procedures in compliance with applicable law for:
 - (i) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- b) The Committee shall investigate any allegations that any officer or director of the Corporation, or any other person acting under the direction of any such person, took any action to fraudulently influence, coerce, manipulate, or mislead any firm (including the Corporation's independent external audit firm) engaged in the performance of an audit of the financial statements of the Corporation for the purpose of rendering such financial statements materially misleading and, if such allegations prove to be correct, take or recommend to the Board of Directors appropriate disciplinary action.

3.5 Reporting

The Committee shall advise the Corporation's management of the need to disclose in its filings with Regulatory Authorities the approval by the Committee of any non-audit services performed by the independent external

audit firm and review the substance of any such disclosure and the considerations relating to the compatibility of such services with maintaining the independence of the independent external audit firm.

3.6 Conflicts of Interest

The Committee shall review the Corporation's policies relating to the avoidance of conflicts of interest and review and approve all payments to be made pursuant to any related party transactions involving executive officers and members of the Board, as required by any Regulatory Authority. The Committee shall consider the results of any review of these policies and procedures by the Corporation's independent external audit firm.

3.7 Access to Management and Independent Advice

- a) The Committee shall have unrestricted access to the Corporation's management and employees and the books and records of the Corporation and, from time to time may hold unscheduled or regularly scheduled meetings or portions of meetings in executive session or otherwise with the Corporation's independent external audit firm, the Chief Financial Officer, the Chief Executive Officer or the Corporate Secretary.
- b) The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities and duties as described above, and may seek, retain and terminate accounting, legal, consulting or other expert advice from a source independent of management, at the expense of the Corporation, with notice to either the Chair of the Board or the Chief Executive Officer of the Corporation, as deemed appropriate by the Committee. In furtherance of the foregoing, the Committee shall have the sole authority to retain and terminate any such consultant or advisor to be used to assist in the evaluation of such matters and shall have the sole authority to approve the consultant or advisor's fees and other retention terms.

3.8 Duty of the Committee

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits, to establish the Corporation's accounting and financial reporting systems, or to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

Article 4 – No Rights Created

This Charter is a broad policy statement and is intended to be part of the Board's flexible governance framework. While this Charter should comply with all Applicable Requirements and the Corporation's constating documents, including articles and by-laws, this Charter does not create any legally binding obligations on the Board, the Committee or any other committee of the Board or any director or the Corporation.

This is Exhibit "D" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan".

Commissioner for Taking Affidavits



Aleafia Health

**ALEAFIA HEALTH INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and twelve months ended March 31, 2023**

Dated June 13, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THREE AND TWELVE MONTHS ENDED MARCH 31, 2023

This Management's Discussion and Analysis ("MD&A") of Aleafia Health Inc. is dated June 13th 2023 and provides an analysis of the financial operating results for the three and twelve months ended March 31, 2023. Unless the context otherwise requires, "Aleafia Health" refers to Aleafia Health Inc. and the "Company" refers to Aleafia Health and its affiliates, subsidiaries and associated corporations. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the three and twelve months ended March 31, 2023 and notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for consolidated financial statements.

All amounts are in Canadian dollars unless otherwise specified. The MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" ("**NI 51-102**") of the Canadian Securities Administrators. This MD&A, the consolidated financial statements, and press release have been filed on SEDAR. Additional information is also available on the Company's website at www.AleafiaHealth.com. The common shares of the Company are traded on the Toronto Stock Exchange ("**TSX**") under the symbol "**AH**" and on the Over the Counter ("**OTCQB**") under the symbol "**ALEAF**". The Company also has warrants (AH.WT.B) and three classes of secured convertible debentures (AH.DB.A, AH.DB.B and AH.DB.C) which trade on the TSX.

COMPANY OVERVIEW

Aleafia Health Inc. is a publicly traded corporation incorporated under the laws of Ontario. Aleafia Health's head and registered office is currently located at 85 Basaltic Road, Concord, Ontario, and its corporate website is www.AleafiaHealth.com.

The Company is a federally licensed Canadian cannabis company offering cannabis products in Canada and destined for international markets, including Australia and Germany. The Company operates a virtual medical cannabis clinic staffed by physicians and nurse practitioners which provide health and wellness services across Canada.

The Company operates three licensed cannabis production facilities all in the province of Ontario, including the largest, outdoor cannabis cultivation facility in Canada. The Company produces a diverse portfolio of cannabis and cannabis derivative products including pre-roll, milled, dried flower, vapes, oils, capsules, edibles, sublingual strips, and topicals, for sale in Canada in the medical and adult-use markets, and in select international jurisdictions.

The common shares of the Company commenced trading on the symbol ("ALEAF").

SELECT FINANCIAL HIGHLIGHTS

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
Financial Highlights					
Branded Cannabis Net Revenue	7,173	8,047	36,622	31,567	36,768
Wholesale Net Revenue	2,216	(1,008)	6,225	4,489	6,354
Total Net Revenue ⁽¹⁾	9,389	7,039	42,847	36,056	43,122
Adjusted SG&A	4,533	7,282	17,575	32,264	41,174
% of total net revenue	48%	103%	41%	89%	95%
Adjusted EBITDA ⁽²⁾⁽³⁾	229	(4,412)	(180)	(18,936)	(22,010)
Adjusted EBITDA margin	2%	-63%	0%	-53%	-51%

1. See "Cautionary Statements Regarding Certain non-IFRS Measures" section for term definition.

2. See "Adjusted EBITDA" section for reconciliation to IFRS equivalent.

3. See "Revenue" section for reconciliation to IFRS equivalent.

Due to the change in the Company's fiscal year from December 31, 2021 to March 31, 2022, the prior fiscal year represents a 15 month period. Accordingly, the Company has added the 12 month ended March 31, 2022 as the comparative year for discussion purposes.

See the non-IFRS Measures section for further discussion on Adjusted SG&A and Adjusted EBITDA.

OVERALL PERFORMANCE

Corporate Strategy

The Company sells its products primarily through three core sales channels: adult-use, medical, and international. Together, the adult-use, medical and international sales channels are referred to as our branded cannabis product portfolio.

Prior to 2021, the bulk wholesale market was the primary sales channel for the Company where it sold bulk flower, oils, distillate, isolate and other cannabis input materials. With the launch of the Company's adult-use Sunday Market House of Brands in Q1 of 2021, and the improved potency and quality of the Company's outdoor harvest from Port Perry, it is now able to utilize that flower feedstock to support its own branded cannabis products. The Company utilizes its outdoor Port Perry cultivation to supply its pre-roll and milled product offerings and utilizes strategic third-party growers to supply its dried flower product offerings and blend with its own flower feedstock to support its pre-roll and milled product offerings. The Company tactically will sell through the bulk wholesale sales channel where it has excess product or product not suitable for its other sales channels, to maximize net realizable margin from its cultivation sites.

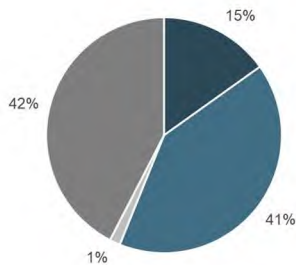
Within the branded cannabis products portfolio, the adult-use sales channel is the largest vertical. For the year ended March 31, 2023, the adult-use revenue increased +24% and net revenue increased 13% over the prior year. The main product categories include pre-roll, milled, dried flower, and vapes in addition to a suite of derivative products. These four product categories account for the largest percentage of total net revenue.

The medical sales channel represents a stable, but higher margin revenue stream, driven by the recurring ordering patterns of our active patient base, referrals from third-party clinics and demand from other medical marketplaces for our branded products. For the year ended March 31, 2023, the medical net revenue increased +7% over the prior year. The majority of sales are cannabis derivative products which generally deliver a higher margin than flower format products, and sales also include medical clinic related revenue. We continue to drive increased patient engagement to improve ordering frequency, basket size and lifetime revenue.

The international sales channel is our most recently added sales channel, highest margin revenue stream, and fastest scaling vertical. For the twelve months ended March 31, 2023, the international net revenue increased +318% over the prior year. We continue to seek out new international partnerships to build that sales pipeline. Most recently in January 2023, the Company signed a \$1.0 million sales opportunity with a new European partner. This strategic partnership unlocks a new gateway into the growing European medical and burgeoning legalized adult-use market. The international sales are a combination of bulk flower and oils and capsules which are exported into international jurisdictions, delivering the highest sales growth rate and net realizable margin per gram of equivalent flower sold. Germany represents our largest international end-market, and with continued progression towards full legalization of recreational cannabis and two sales commitments representing \$5.6 million in total sales, this is anticipated to continue to be the largest international sales channel.

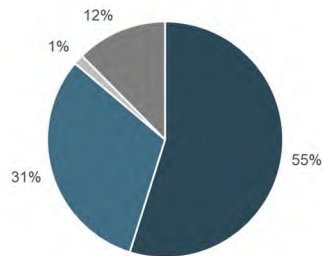
The below charts illustrate the transformation in the business over the last three years, whereby the Company developed, built, and launched its own branded cannabis products to compete in the adult-use sales channel, established international partnerships and customers, and deepened its presence in the Canadian medical market. The international sales channel has expanded from representing 1% of total net revenue in the twelve months ended March 31, 2021, to now representing 5% in the twelve months ended March 31, 2023, and the Company's entire total branded product sales expanded from representing 58% in the twelve months ended March 31, 2021, to 85% in the twelve months ended March 31, 2023. Within the adult-use sales channel, the Company further diversified its revenue base by expanding into a new province, Manitoba, in fiscal year 2023.

12 Months Ended March 31, 2021
Net Revenue



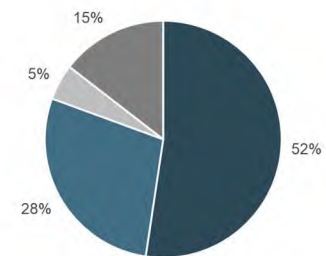
■ Adult-Use ■ Medical ■ International ■ Wholesale

12 Months Ended March 31, 2022
Net Revenue



■ Adult-Use ■ Medical ■ International ■ Wholesale

12 Months Ended March 31, 2023
Net Revenue



■ Adult-Use ■ Medical ■ International ■ Wholesale

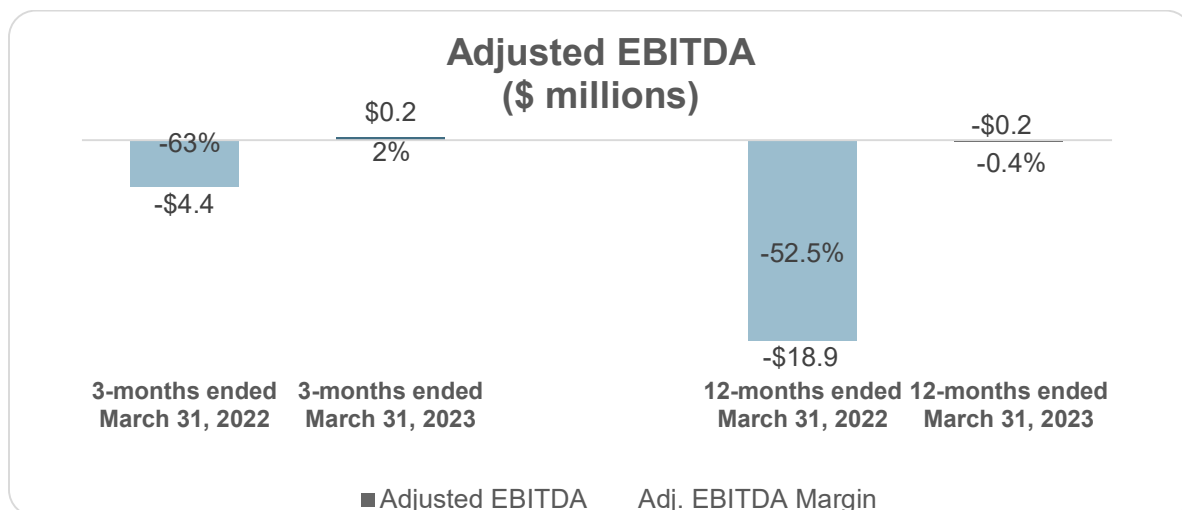
STRATEGIC OBJECTIVES

The Company established four key long-term strategic objectives in 2022:

1. Adjusted EBITDA⁽²⁾ profitability

The Company disclosed guidance in February 2022, anticipating reaching breakeven Adjusted EBITDA profitability by the quarter ended March 31, 2023. The Company attained that goal two quarters earlier than anticipated, achieving breakeven Adjusted EBITDA profitability in the quarter ended September 30, 2022.

In the quarter ended March 31, 2023, the Company delivered Adjusted EBITDA of \$0.2 million, an increase of \$4.6 million over the prior year. This third consecutive quarter of Adjusted EBITDA profitability was primarily due to the \$1.3 million bulk wholesale gross profit before fair value adjustments which represents two bulk wholesale customers. These input materials sold exceeded the Company's near-term supply requirements for its own branded cannabis products and accordingly had previously taken a \$1.1 million inventory provision. After completing these sales transactions, the Company has no further obligation or commitment to these two customers. As the sales transactions with these two customers fulfilled two separate product-in-kind obligations, no cash was received. On a go forward basis, the Company anticipates continuing opportunistically entering into bulk wholesale transactions with cash paying Canadian LP customers.



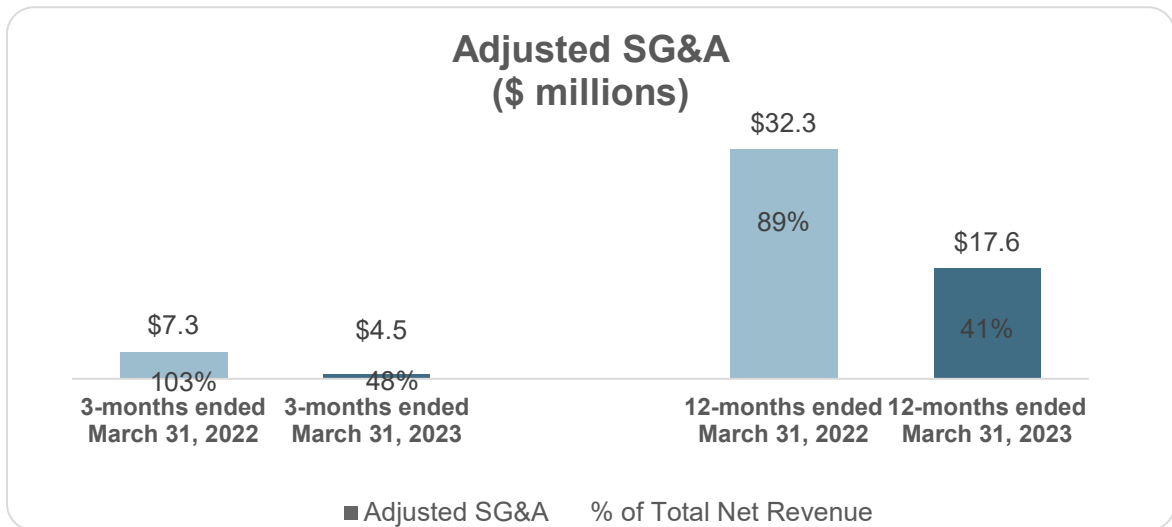
Concurrently with the Company scaling each of its branded cannabis sales channels¹, it is focused on cost of sales optimization, and selling, general & administrative expense containment and strategic rationalizations to continue to improve its Adjusted EBITDA profitability profile. The Company is focused on long-term, sustained, positive cash flow generation in-line with other consumer product goods sectors.

The Company is growing its Adjusted EBITDA profitability by focusing on:

1. Growing sales volumes and capturing market share in pre-roll, milled, flower, concentrate (including infused pre-roll and hash), and vape product sub-categories through new innovative product offerings which deepen penetration in its existing five provincial markets;
2. Building relationships to drive expansion of the adult-use sales channel into other provinces;
3. Migrating its adult-use consumer base from entry level “starter” formats to large size product formats which deliver higher gross profit dollars and margin to the Company;
4. Improving patient engagement to drive higher order frequency, basket size and lifetime revenue in the medical channel;
5. Expanding its newest, and fastest growing sales channel, the international vertical, which delivers the highest net realizable margin per gram of equivalent flower sold;
6. Increasing its gross profit margin profile by driving further operational efficiency in its manufacturing and processing through automation; and
7. Identifying, reducing and containing selling, general and administrative expenses which the Company has found is a key strength in a highly competitive market.

Over the last eight quarters, the Company has decreased Adjusted SG&A⁽¹⁾ by 45% to \$4.5 million in the quarter ended March 31, 2023 as compared to the same period two years ago. Over this same timeframe, the Company has driven robust 22% growth in total net revenue.

¹ This is a Supplementary Measure. Please see page 41 for its composition.
 (1) See ‘Cautionary Statements Regarding Certain non-IFRS Measures’ section



In September 2021, the Company completed a holistic review of its operations, shared services and organizational structure and evaluated total SG&A savings, which totalled over \$16 million on an annualized basis, including:

- the reduction of its workforce by 48% representing \$13 million;
- the reduction in the use of external consultants, legal counsel and external advisors representing \$2.0 million; and
- the wind down of leased spaces to consolidate operations representing \$0.5 million.

In November 2021 the Company completed a portfolio optimization to further improve adult-use profit margins. This aligned our portfolio with the best-selling products formats that deliver the strongest gross profit margins and executed moderate strategic price increases.

In February 2022, the Company provided an update on its cost rationalization strategy. The Company methodically reviewed its cost structure and optimized its talent and resources towards the sales channels which delivered the highest net realizable margin per gram of flower sold – its branded cannabis products.

In April 2022, the Company provided a corporate update on its ongoing cost containment initiatives, including identifying \$4.4 million in annualized cost savings to be completed within the quarter. The Company realigned its medical business, integrated its virtual, physical and third-party clinic platform to further improve its general and administrative and wages and benefits cost profile while improving the patient experience through a more cohesive and consistent approach to managing patient interactions. Moreover, the Company overhauled its Grimsby, Ontario hybrid greenhouse and drove operational efficiencies and remapped its processes to allow its cultivation organization to expand throughput of high THC potency flower (“**Usable Flower**”). The Company assessed procurement practices, resulting in a consolidation of certain vendors leading to cost efficiencies.

In July 2022, the Company enacted a vendor consolidation initiative, to extract economies of scale by aggregating procurement across its four facilities into key trusted vendors. This initiative identified and enacted agreements which represent an annualized cost of sales savings of \$2.3 million.

In September 2022, the Company extracted further savings among its third-party copackers based on increased purchase volumes which on an annualized basis represented annualized cost of sales savings of \$1.8 million.

In October 2022, the Company identified efficiencies in its information technology, legal and finance functions which represented over \$1.5 million in annualized SG&A savings. The primary cost savings related to a further 5% reduction in the Company's headcount. The Company extracted savings from third-parties by focusing on service providers that are appropriate for the Company's size & scale and provide offerings best suited for our industry and growth strategy.

In November 2022, the Company enacted further cost savings initiatives around its flower supply, by initiating the winddown of its Grimsby greenhouse which represents an annualized net cost savings of approximately \$4.1 million which will further improve go forward profitability. This cultivation facility was historically the primary supplier of usable flower for the dried flower category in the Divvy brand. Over the course of calendar year 2022, the Company was able to secure high-quality dried flower from multiple trusted third-party growers at attractive prices which allows the Company to grow its dried flower sales and achieve an improved margin profile in its adult-use sales channel. Additionally, with continued improvement in grow practices the Company will be utilizing the harvest from the outdoor Port Perry cultivation facility to support the continued growth of its leading pre-roll and milled product categories. The Company is focused on continuing to build its loyal consumer base of its everyday value brand, Divvy, by supplying its consumers with innovative sought-after cultivation strains from the best sources of flower supply, whether that be internally grown or procured from other third-party growers.

In January 2023, the Company completed a review of its adult-use brand and SKU portfolio as a part of its normal course annual review of product life cycles. Based on its review of the market size, consumption patterns, behaviours and evolving trends, the Company concluded that approximately 1/3 of the in-market adult-use SKUs were designated for delisting and two of its brands under its Sunday Market House of Brands would be rationalized: Bogart's Kitchen (edibles), and Nith & Grand (craft flower). This was estimated to result in an approximate \$0.9 million in annualized net savings to the Company.

In February 2023, the Company completed the ramp-up of its first automated flower packaging machine. The machine is anticipated to result in operational efficiencies, accuracy, consistency, and improved overhead absorption. The machine is anticipated to result in approximately \$0.5 million in annualized cost savings and unlock further flower packaging throughput potential.

In March 2023, the Company completed the winddown of its Grimsby greenhouse with only maintenance and security personnel stationed at the facility until its eventual sale. It also negotiated another significant price reduction with its third-party copackers representing \$0.5 million in annualized cost savings. It completed a holistic review of its ongoing IT requirements and identified redundancies which could be eliminated in its corporate operating platform and its key seed-to-sale platform representing \$0.2 million in annualized cost savings. Further, the Company has reduced its active headcount from 162 as of December 31, 2022 to 158 as at March 31, 2023 representing \$0.3 million in annualized cost savings.

The Company believes it has the organizational infrastructure, including a core corporate shared services and distribution relationships to facilitate the continued growth in its branded cannabis net revenue to create further operating leverage and drive improved Adjusted EBITDA profitability in fiscal year 2024.²

² This is forward looking information. Please see cautionary statement on page 40.

2. Increasing Market Share Position in Canadian Adult-Use Market

The Company launched its Sunday Market House of Brands in Q1 of 2021, anchored around Divvy, the everyday brand focused on delivering an exceptional value proposition to consumers. Divvy is consistently a top searched brand on OCS.ca. The Company's product portfolio and SKU listings are focused on the largest adult-use categories: pre-roll, milled, flower, and vapes and represent the majority of the Company's adult-use sales. The Company sells into five provinces with Ontario and Alberta representing its two largest customers. This sales channel represented 82% of Q4 fiscal year 2023 total net revenue.

Brands & Products: The other four supporting brands under the adult-use portfolio, Bogart's Kitchen, Kin Slips, and Noon & Night, are niche brands targeted at specific consumer segments in the market and span from value to premium craft. Over 45 new SKUs launched in fiscal year 2023, including: large format flower (28g) in Divvy cropped products, new Divvy cultivars, Divvy large format pre-roll line extensions, 8 new Divvy vape cartridges, first-to-market Nitecaps under Noon & Night, a third hot sauce as well as THC-infused maple syrup under Bogart's Kitchen. The Company has over 170 provincial listings of its SKUs in the adult-use portfolio, including a full suite of pre-roll, milled, dried flower, vape and cannabis derivative products. The Company has expanded into the concentrate category with the launch of hash products in May 2023 and infused pre-rolls in June 2023. The company has an additional 15 SKUs in the same categories accepted by various provincial boards, set to launch as early as Q1 fiscal year 2024, with additional submissions being evaluated.

Geographic Markets: The adult-use sales channel in Canada is now the Company's largest sales channel based on total net revenue, with distribution agreements and entrenched relationships in five provinces – Ontario, Alberta, British Columbia, Saskatchewan, and Manitoba – representing an estimated 71% of the Canadian population. Manitoba is the most recent province that the Company entered in late November 2022. The Company is actively reviewing opportunities to expand into other Canadian provinces and territories in fiscal year 2024. Any expansion into new geographies is anticipated to be a favourable tailwind for the adult-use sales channel to drive further sales velocity and improved revenue diversification.

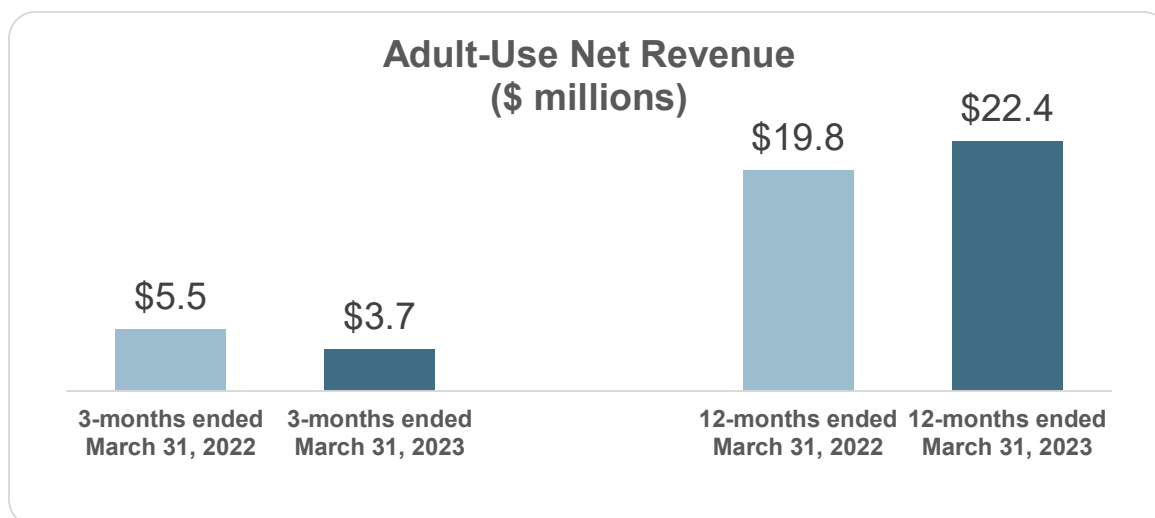
Go-to-Market Approach: The Company markets its products through its internal salesforce and is focused on gaining market share through the continued launch of innovative products in the largest product categories, mainly pre-roll, milled, whole flower, and vapes. The Company's internal sales and marketing team can respond to market trends in a dynamic and rapid fashion to drive sales velocity of its unique cannabis portfolio. The Company is focused on deepening its penetration in its existing core provincial markets, along with expanding into select other provincial markets. The Company believes its internal sales and marketing teams, is a key competitive advantage allowing the Company to respond to and drive key changes in the Canadian adult-use marketplace.

Market Share Capture: The Company has driven the second largest change in market share rankings among the top 15 Canadian Licensed Producers from Q1 2021 #26th, when the Company launched its new adult-use brand portfolio, to Q3 fiscal year 2023 #15th according to data from HiFyre based on the products and four provinces (Ontario, Alberta, British Columbia, and Saskatchewan) Aleafia operated in throughout the most recently completed fiscal period ended March 31, 2023. In November 2022 the Company launched successfully into Manitoba, its fifth provincial territory, and the Company continues to target a top 10 Canadian LP standing, as measured by retail sales pull-through, in each of its markets⁵.

The Company Increased revenue by 24% to \$36.1 million for the total fiscal year 2023 versus \$29.1 million in the prior year. Net revenue improved 13% to \$22.4 million compared to \$19.8 million. While overall top-line growth is important for the Company, simultaneously, the Company is focused

on profitable growth and actively seeks out more profitable product formats, categories and SKUs in favour of higher volume, lower margin SKUs.

During the quarter ended March 31, 2023, the Company saw its whole flower sales decline to its lowest level seen in fiscal year 2023. We believe this was primarily due to: customary yearly seasonality seen in the cannabis retail environment at the turn of every calendar year which typically declines by approximately 10% to 15%; overall price compression in the market due to elevated levels of competition particularly in the largest product format (whole dried flower); and the effects of repeated and prolonged product out-of-stocks in the summer and fall of calendar year 2022 due to the Company’s demand for its whole flower products outstripping the supply of the Company’s Grimsby greenhouse cultivation facility. Consumer demand for the Company’s flower products far exceeded the cultivation supply capacity of its Grimsby greenhouse through most of calendar year 2022. The Company has now mitigated this issue by sourcing usable, high-THC flower from a variety of trusted, strategic third-party growers.



3. Leadership in Medical

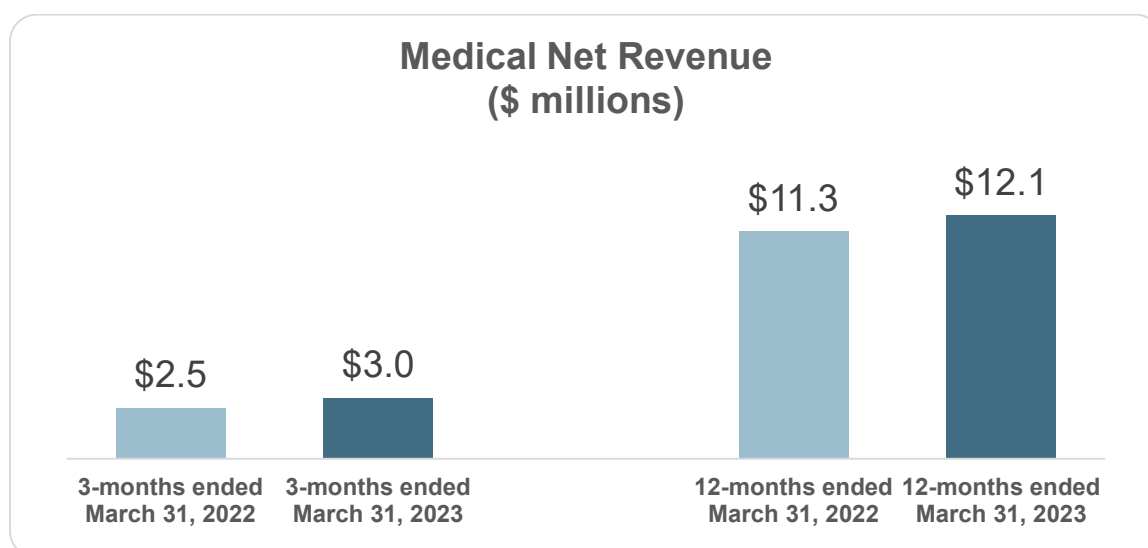
The medical sales channel in Canada is core to the Company and supported by our medical ecosystem, offering the ability for new patients to be onboarded, consulted, prescribed, and delivered medical cannabis products. Containing approximately 20,000 active patients with stable ordering patterns, this sales channel has a high level of recurring revenue. The medical sales channel includes revenue from: the sale of medical cannabis in the Canadian markets, clinic fees, and research revenue, and represented 32% of Q4 fiscal year 2023 total net revenue.

Go-to-Market Approach: The Company’s direct-to-patient medical business receives patient referrals from its owned clinic Canabo Medical Clinics® (“**Canabo**”) and several third-party clinics nationwide. Canabo operations are predominantly virtual, helping patients access treatment services in a convenient and cost-effective setting. Canabo has one long standing physical clinic in St. John’s, Newfoundland. We deliver products direct-to-patient the same day they are ordered in the Greater Toronto Area, Canada’s most populous region. In addition to the direct-to-patient model, the company sells branded medical cannabis products to other Canadian medical sales license holders.

Product Portfolio: The Emblem brand is used exclusively in the Company’s medical sales channel. The Company also offers certain other products from its Sunday Market House of Brands and resells other products procured from third-parties to its medical patients. The majority of sales in the medical sales channel are of cannabis derivative products, including oils, capsules and vapes.

Growth Initiatives: The Company made strategic investments in email platforms to enhance the patient experience, resulting in a significant increase in email engagement and a reduction in overall marketing costs. The Company also implemented new targeted email marketing campaigns to increase brand loyalty, improve the patient experience through education, and drive sales growth. In addition, the Company continues to enhance its support and product offerings for Veteran patients. This includes the launch of new flower SKUs, edibles and specialized “white-glove” service.

The Company increased net revenue in the medical channel sales channel by 19% to \$3.0 million in Q4 fiscal year 2023 versus \$2.5 million in the prior year. This increase was primarily driven by continued penetration into the Quebec market and higher sales to veteran patients. Additionally, it benefited from an improved patient journey following the Company’s integration of its physical clinics, virtual clinics, and third-party clinic platform completed in April 2022. The Company has driven this growth by increasing its market share in a flat to declining overall medical market. Continued penetration into the Quebec market and higher sales to veteran patients. Additionally, it benefited from an improved patient journey following the Company’s integration of its physical clinics, virtual clinics, and third-party clinic platform completed in April 2022. The Company has driven this growth by increasing its market share in a flat to declining overall medical market.



4. Well-Positioned for International Growth

One of the Company’s fiscal year 2023 objectives was to expand its international sales channels. In parallel to serving the Canadian medical market, the Company is well-positioned to benefit from the expansion of the global medical cannabis market and the continued legalization of global recreational markets. The Company has identified \$5.6 million in sales opportunities, with more

demand for its products in international markets than current supply. This sales channel represented 5% of total net revenue for fiscal year 2023 compared to 1% in fiscal year 2022.

Strategic Focus: The Company is focused on expanding its international sales as it sees the opportunity to supply flower and cannabis derivative products in bulk-form to select international medical markets. Given the high regulatory and other barriers to entry of supplying these international jurisdictions, the Company enjoys an early mover advantage. The Company further sees expanding its international medical sales as a potential foothold should cannabis be legalized recreationally in the same international jurisdictions. The sales agreements for international sales typically are longer in duration than the Canadian medical or adult-use channels, with guaranteed minimum purchase commitments and no required Canadian excise duties. Moreover, they typically deliver the highest net realizable margins per gram of flower equivalent sold than the other sales channels.

Select Key International Markets: The Company's products have been successfully exported into key global markets including Germany, the UK and Australia. The Company continues to engage in discussions to deepen its penetration in these markets and selectively expand into other jurisdictions where it could also enjoy an early mover advantage. The Company is actively pursuing increased penetration into the European market where the addressable market is multiples larger than the Canadian market.

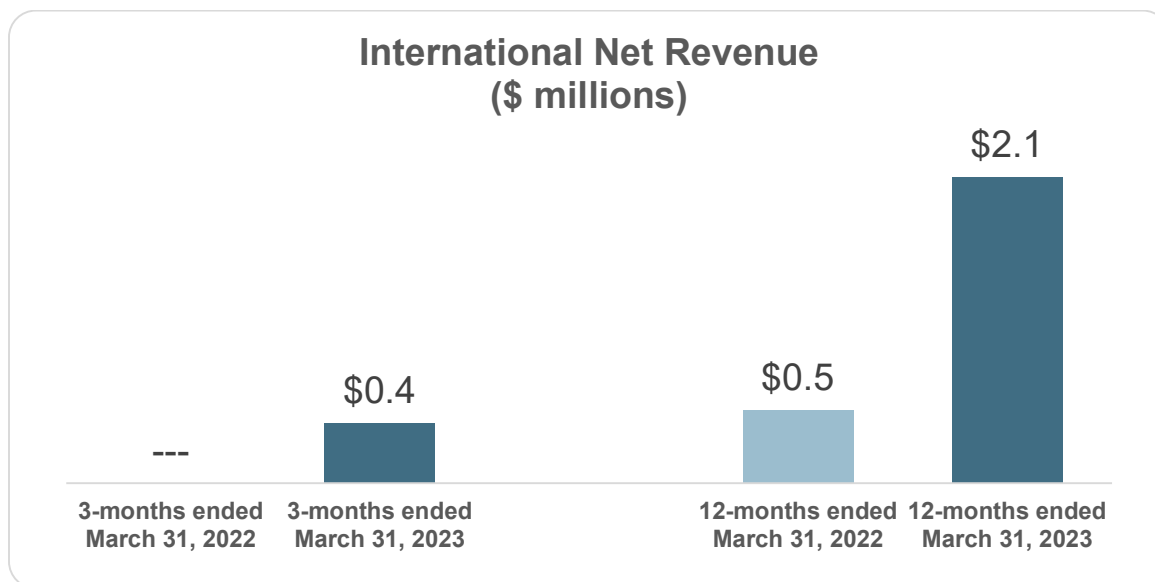
Recent Agreements: In July 2022, the Company secured an estimated \$4.6 million³ international sales agreement to supply bulk flower into the European market. It is a two-year agreement, with a minimum annual sales commitment estimated at \$2.0 million⁴ per year based on a variable price per gram of flower. The Company successfully shipped product under this agreement in the quarter ended December 31, 2022 which is destined for Germany. Additionally, in January 2023, the Company secured an additional international sales order for approximately \$1.0 million⁵ in annual sales with a new European based strategic partner. This expands the Company's international sales and improves access into the existing European medical market and burgeoning legalized adult-use markets.

International net revenue was \$0.4 million in the Q4 fiscal year 2023, compared to nil in the prior year. The Company is looking to further develop this channel with an active pipeline of opportunities for fiscal year 2024.

³ This is forward looking information. Please see cautionary statement on forward looking information.

⁴ This is forward looking information. Please see cautionary statement on forward looking information.

⁵ This is forward looking information. Please see cautionary statement on forward looking information.



OUTLOOK

The Company's overall objectives for fiscal year 2023 built upon the successes it recognized during fiscal year 2022. During fiscal year 2023, the Company focused on growth as a branded cannabis producer in the Canadian adult-use and medical markets, while continuing to advance the Company's international expansion efforts; rationalizing its cost structure to drive profitability; and building its capacity to sustainably deliver Usable Flower through its own outdoor cultivation facility as well as its ecosystem of trusted, strategic, third-party growers. The Company's overall objectives for fiscal year 2023 were as follows⁶:

- Total net revenue of between \$44.0 million and \$46.0 million;
- Develop a pathway and momentum towards attaining top 10 market share positions in each of its provincial Canadian adult-use markets based on retail sales pull through;
- Maintaining a leadership position in the medical market;
- Achieving Gross Profit Margins before Fair Value Adjustments of between 32% and 38%;
- Adjusted SG&A of between \$17.2 and \$18.0 million; and
- Adjusted EBITDA of between -\$0.5 million and \$0.5 million.

The Company generated \$42.8 million of total net revenue, representing 3% less than the low end of the targeted guidance. The Company believes this difference is primarily related to the Company's liquidity constraints, challenges in making timely payments to high priority vendors, the increasingly competitive market environment, and unforeseen external factors including the cybersecurity attack on the Ontario

⁶ The foregoing projections are Forward Looking Information. Please see the cautionary statement on page 40.

Cannabis Store, a labour strike in British Columbia, and a lack of usable high-THC flower due to the Grimsby greenhouse supply behind outstripped by demand.

The Company significantly increased its presence and deepened consumer awareness of its branded products, increasing its average market share ranking from #15 in fiscal year 2022 to #13 in fiscal year 2023.

The Company has maintained a leadership position in the Canadian medical market, and increased its net revenue by 7% to \$12.1 million in the 12 months ended March 31, 2023, as compared to \$11.3 million in the 12 months ended March 31, 2022.

The Company generated 33% in gross profit margin before fair value adjustments, in-line with its targets for fiscal year 2023.

The Company achieved Adjusted SG&A of \$17.5 million in fiscal year 2023 compared to \$31.3 million in the prior year.

The Company achieved total Adjusted EBITDA of -\$0.2 million in fiscal year 2023. This is well ahead of the initial guidance provided in February 2022 of achieving a range of between -\$7.5 million and -\$2.5 million. The Company believes this is an incredible milestone given the competitive market conditions in the Canadian cannabis industry, the Company's capital constraints, and the Company's transformation from being a bulk wholesale producer to a branded cannabis producer supplying into three core sales channels: adult-use, medical, and international. The Company remains focused on bringing innovative and differentiated cannabis products to Canadian consumers that deliver on the commitment of offering high quality cannabis wellness products at competitive prices. While all objectives are important to the Company, ultimately the Company is focused on driving sustainable, long-term profitability as its primary objective.

Due to the Company's ongoing liquidity risk and lack of sufficient capital resources for the next twelve months, and the ongoing challenges to maintain payments such that our accounts were in good standing with high priority vendor relationships, the Company has not initiated any guidance for fiscal year 2024.

Adult-Use Brand Portfolio

Divvy is the Company's main adult-use brand. It represents the vast majority of the Company's sales in the adult-use sales channel. In addition to Divvy, there are four other supporting brands serving distinct segments of the adult-use market.

Adult-Use			Medical
<p>DIVVY.</p> <ul style="list-style-type: none"> • High frequency consumers, large format • Pre-rolls, dried flower, vapes, oils, and cropped flower 	<p>NOON & NIGHT</p> <ul style="list-style-type: none"> • CBD-forward portfolio, with Omega CBD soft gels, bath bombs, roller-ball topicals 	<p> KIN SLIPS</p> <ul style="list-style-type: none"> • Broad appeal sublingual strips • Three SKUs featuring different THC/CBD/CBN and terpene profiles 	<p> Emblem</p> <ul style="list-style-type: none"> • Oils, dried flower, capsules, sprays, 510 vape cartridges, sublingual strips 

DIVVY.

Divvy Cannabis brings frequent cannabis users good quality products at value-oriented price-points. With flower harvested from our hybrid greenhouse and outdoor operations, Divvy flower products include whole flower, milled flower, pre-rolls, vapes and oils.

NOON & NIGHT

Noon & Night is a CBD-forward line of familiar wellness products. Noon & Night is highly differentiated, filling a gap in the cannabis brand landscape with its exclusive focus on wellness-conscious consumers.



Kin Slips are cannabis-infused sublingual strips, an edible alternative that are discreet, precise, and provide rapid onset. Kin Slips are formulated with peppermint oil to deliver a fresh minty sensation. They are vegan, sugar-free, contain only natural ingredients, and come in roughly the size of a postage stamp.

Medical Brand Portfolio

The Company serves the Canadian medical cannabis market with the Emblem brand. It also opportunistically offers select products from its Sunday Market House of Brands and other limited time promotional products to its medical patients to better serve their needs.



From our team of growers to our client care team, each member of the Company's team works toward giving patients the best medical cannabis experience. Emblem is the heart of Aleafia Health's unique medical cannabis ecosystem, as a trusted brand and secure ecommerce marketplace with a reputation for product excellence.

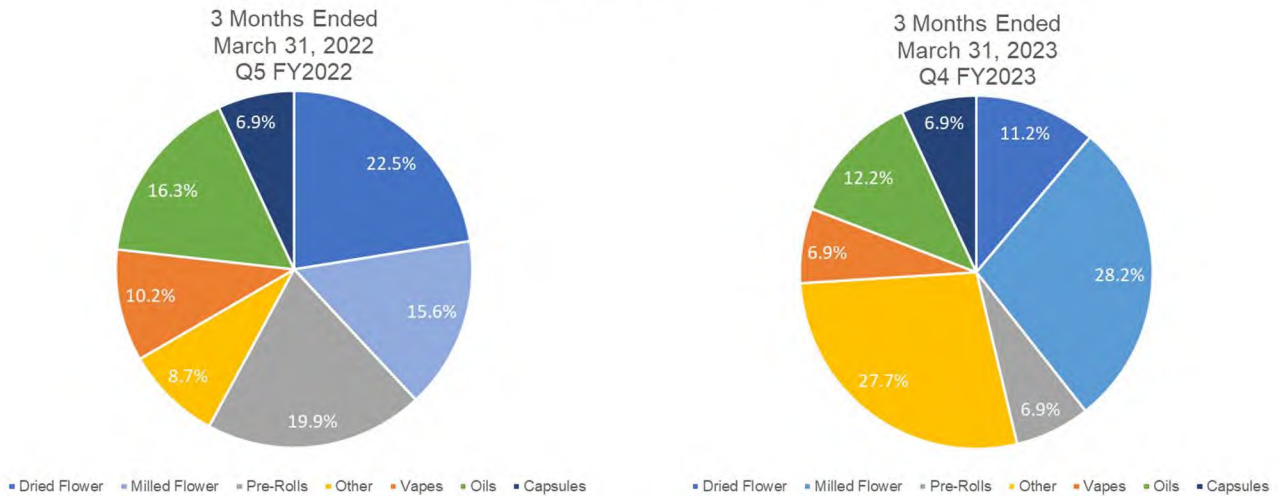


1. PRODUCT PORTFOLIO

The Company currently produces a diverse portfolio of cannabis products which it sells into the provincial adult-use sales channels, to medical cannabis patients, to other Licensed Producers, and internationally to the Germany and Australia medical-use markets. The Company continued its strategic expansion of its product portfolio, as outlined below. The Company aims to utilize its diverse craft indoor and outdoor cultivation in high margin, unique product formats tailored to the various need-states of cannabis consumers and patients.

With the improvement in Usable Flower from its Port Perry outdoor facility, the proportion of sales generated by pre-roll and milled products has now reached 35% in the most recent quarter ended March 31, 2023.

Total Branded Net Revenue by Product Format



Note: Other includes sublingual strips, edibles, and topicals

a) Pre-rolls

The Company utilizes flower from its Port Perry outdoor cultivation facility to supply its pre-roll offering, which represents the second largest product category in the Canadian cannabis market, according to data from HiFyre. The 2022 Port Perry harvest delivered a new record with respect to high THC potency usable flower supply, which when combined with the strategic outsourcing of pre-roll manufacturing, allows Aleafia Health to deliver significantly improved product availability, and new larger format SKUs including a 12-pack of 0.35 gram pre-rolls in a recognizable, reusable package. In Q1 FY2023, the Company launched a 7-pack of 1-gram pre-rolls in the Alberta and Ontario markets (May 2022 and June 2022, respectively) which were well-received by consumers. Further pre-roll formats launched in Spring 2023, including 12-packs and 56-packs of traditional 0.5 gram pre-rolls, and the Company is scheduled to launch into the fast growing infused pre-roll market later in Q1 FY2024.

b) Milled (Cropped)

Driven by the expansion of its Port Perry outdoor cultivation facility and relentless focus on high-quality usable flower, the Company has launched and seen tremendous success in its pre-ground milled offering. Having launched in Q3 2021, the milled products under the Divvy brand have quickly gained market share, reaching a peak #2 market share ranking for fiscal year 2023 in Ontario, the largest provincial market in Canada. Building upon the success of the initial two SKUs, both Alberta and Ontario have picked up the product in larger formats as well as a CBD offering.

c) Dried Flower

The Company has undertaken an expansion of its dried flower offering, which is the largest product category in the Canadian cannabis market, according to data from HiFyre. Driven by the continued ramp-up of procurement from third-party growers, the Company is able to deliver greater product availability, and new larger format stock-keeping-units ("SKU") including 7, 14, and 28-gram flower pouches. Sales of these products and other new dried flower SKUs commenced during Q2 & Q3 2022, under the Divvy brand.

d) Vapes

The Company's vape portfolio is inspired by a robust portfolio of cultivars. The custom-made, unique terpene blends in Divvy vapes deliver robust flavours and consistent effects. Additional Divvy SKUs,

including new THC-dominant flavour profiles, a CBD dominant full-spectrum, and a balanced THC: CBD vape have been listed in multiple markets. New bold flavour profiles are entering the market this Spring, and the Divvy Puff 'n Pass SKU, a 1 gram 510 thread vape cartridge, launched in January 2023, provides a platform for a rotation of new, exciting flavours.

e) **Oils**

Cannabis oil products remain a core product category for wellness-oriented medical patients and adult-use consumers. Line extensions include the innovative Omega CBD Soft Gels which feature full-spectrum, single strain CBD extract, and is one of the first Canadian cannabis products to be suspended in fish oil containing omega-3.

f) **Sublingual Strips**

Kin Slips, cannabis-infused sublingual strips, typically offer a fast onset time relative to other non-combustible cannabis products. Placed under the tongue, the active ingredients enter the bloodstream through the sublingual gland, delivering a typical onset time of 10 to 15 minutes. Kin Slips are classified as ingestible extracts, and can therefore contain up to 1000 milligrams of THC per package, as opposed to traditional cannabis edible products which are restricted to 10 milligrams of THC per package.

g) **Edibles**

The Company launches highly artisan and seasonal edible products which complement its product portfolio anchored around pre-roll, milled, flower and vape formats. During Q1 2021, the Company released its first cannabis edible product, soft chews, with two THC and one CBD-dominant offering. The Company followed that up with Salted Caramel Pretzel Bites, Cluster Pucks as well as an infused hot sauce with well-known Canadian hot sauce maker Heartbeat Hot Sauce, all launched under the Bogart's Kitchen edibles brand. The brand currently contains the collaboration hot sauces and launched a THC-infused Maple Syrup product in Winter 2022, just in time for the holiday season.

h) **Bath & Body**

The Noon & Night brand launches bath & body products focused on the wellness space. During Q2 2021, the Company launched Lavender Fizz CBD bath bombs along with the Freshly Minted Roll-on. The peppermint-scented roll-on is designed to provide a soothing, aromatic experience through local application on the hairline, neck, forehead and shoulders. The brand also began offering CBD-Omega soft gels in Q2 2021.

KEY DEVELOPMENTS

Amendment to Convertible Debentures

The Convertible Debentures amendments became effective on June 28, 2022. The amendments entailed the exchange of the Convertible Debentures for new convertible debentures (the "**New Convertible Debentures**") issued in three equal, separate tranches, maturing in 2, 4 and 6 years from the date of issuance (the "**2024 Debentures**", "**2026 Debentures**", and "**2028 Debentures**", respectively). The interest rate remained at 8.5%, but the New Convertible Debentures have no mandatory cash interest payment for 24 months as interest will initially be paid-in-kind ("**PIK**") with additional New Convertible Debentures (the "**PIK Debentures**"), reducing near-term debt servicing requirements. The conversion price was reduced to \$0.25 for the 2024 Debentures, \$0.30 for the 2026 Debentures, and \$0.35 for the 2028 Debentures. The New Convertible Debentures were granted security against certain assets of the Company but are fully subordinated to the Company's existing senior secured debt. The Company is precluded from incurring further senior secured indebtedness, subject to certain exceptions including to fund working capital, capital expenditures, and strategically accretive acquisitions. Debenture holders who approved the Debenture Amendments received a fee (the "**Consent Fee**") calculated as the amount of accrued interest on the

existing Convertible Debentures between July 1, 2021 and the effective date of the Debenture Amendments, payable in additional 2028 Debentures at par. Effective as of October 31, 2022, the New Convertible Debentures were listed on the TSX.

See Subsequent Events section for proposed amendments.

\$5.6 Million Equity Financing

On June 24, 2022, the Company closed a private placement of 68,151,515 units issued at a price of \$0.0825 each (the “**Issue Price**”). Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. A warrant is exercisable into one common share at an exercise price of \$0.1025 for a period of four years from the date of issuance. The expiry date of the warrants can be accelerated by the Company at any time and upon 30 days’ notice, if the closing price of the common shares on the Toronto Stock Exchange (the “**TSX**”) is greater than \$0.165 for any 10 consecutive trading days following the date that is 4 months and one day after the date of issuance and prior to the expiry date of the Warrants. The net proceeds from the Private Placement will be used to fund working capital and capital expenditures for the Company’s continued growth, and other general corporate purposes. A finder’s fee of 3,407,500 common shares was paid to a finder (the “**Finder’s Shares**”) in connection with the Private Placement.

Amendment to August 2021 Credit Facility

On June 23, 2022, the Company made its second amendment to its August 2021 Credit Facility, whereby amongst other things it agreed to prepay an amount equal to \$622,500 as a prepayment of interest under the loan agreement in respect of the period beginning June 24, 2022 and ending June 24, 2023. In addition, the Company agreed to grant to the lender a general security interest from the Company in favour of the Lender.

\$4.5 Million Promissory Notes

During the year ended March 31, 2023, the Company issued three promissory notes totaling \$4.5 million carrying a fixed 12.75% interest rate. The first note of \$1.0 million was issued on December 16, 2022, the second note of \$1.5 million was issued on January 24, 2023 and the third note of \$2.0 million was issued on February 28, 2023. All three notes become due and payable upon the earlier of a Change of Control transaction or December 31, 2024. The interest on these notes is paid bi-monthly. The use of proceeds of these promissory notes was to fund working capital.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
Operating Results					
Adult-Use Market Share % ⁽¹⁾	1.9%	2.2%	2.1%	1.5%	1.3%
Adult-Use Market Share Ranking	15	14	13	15	18
Medical Use Orders	14,557	17,048	61,086	75,044	86,657
Medical Use Avg Order Value	\$169	\$152	\$164	\$145	\$144
Financial Results					
Revenue	11,696	10,734	57,361	46,303	53,813
Branded Cannabis Net Revenue	7,173	8,047	36,622	31,567	36,768
Wholesale Net Revenue	2,216	(1,008)	6,225	4,489	6,354
Net revenue ⁽¹⁾	9,389	7,039	42,847	36,056	43,122
Branded Cannabis profit \$	2,690	2,851	12,664	10,179	12,840
Branded Cannabis profit %	38%	35%	35%	32%	35%
Bulk Wholesale profit \$	1,262	(1,918)	1,533	(5,882)	(3,683)
Bulk Wholesale profit %	57%	0%	25%	-131%	-58%
Gross profit before fair value adjustments	3,953	933	14,196	4,297	9,157
Total Gross profit %	42%	13%	33%	12%	21%
Adjusted SG&A	4,533	7,262	17,575	32,264	41,174
% of total net revenue	48%	103%	41%	89%	95%
Adjusted EBITDA ⁽²⁾⁽³⁾	229	(4,412)	(180)	(18,936)	(22,010)
Adjusted EBITDA margin ⁽²⁾	2%	-63%	0%	-53%	-51%

1. Based on HiFyre retail sales pull through data in BC, AB, SK& ON

2. See "Cautionary Statements Regarding Certain non-IFRS Measures" section for term definition

3. See "Adjusted EBITDA" section for reconciliation to IFRS equivalent.

Branded Cannabis

Total revenue for the fiscal year grew by 24% to \$57.4 million and total net revenue also grew by 19% to \$42.8 million. Branded net revenue grew by 16% to \$36.6 million, with growth across all three of its core branded cannabis sales channels. Wholesale net revenue grew by 39% to \$6.2 million.

Adult-use net revenue grew by 13% to \$22.4 million for the fiscal year ended March 31, 2023, from \$19.8 million in the prior year. The Company's market share ranking reached #13th compared to #15th a year earlier and market share increased to 2.1% from 1.5% a year earlier. Fiscal year 2023 saw tremendous growth in the pre-roll, milled and flower product format categories in particular with the expansion of larger format sizes. A focus on high velocity sales categories have been key to this successful growth. Additionally, the Company continues to redirect an increasing share of the Usable Flower supply from its Port Perry outdoor cultivation facility away from the bulk wholesale towards the adult-use sales channel, achieving higher net revenue and net realizable margin per gram. At the same time, the Company has been focusing on generating higher margins from its product portfolio by optimizing its product portfolio to focus on larger formats.

Medical net revenue grew by 7% to \$12.1 million for the fiscal year ended March 31, 2023, from \$11.3 million in the prior year. The growth in medical was accomplished despite the ongoing challenging contraction of the medical market. Further, there was an increase in average order value ("AOV") through focusing on high value patients and improving engagement with its active patient base. The Company estimates its market share ranking to be top 5 within the Canadian medical market⁷.

International net revenue increased by \$1.6 million or 318% for the fiscal year ended March 31, 2023 over the prior year. This increase was driven by European bound shipments of medical cannabis related to the Company's new international partner announced in August 2022.

The branded cannabis gross profit before fair value adjustments was \$12.7 million in the fiscal year ended March 31, 2023, representing a 35% margin compared to 32% in the prior year. This improvement in margin was driven by:

- *Building its international sales pipeline* - the Company is actively seeking out and onboarding new international sales opportunities which provide improved revenue and cash flow, reduced cash conversion cycle and higher margin than adult-use sales channel.
- *Growing its medical recurring "sticky" revenue, high-margin medical business* - driving market share capture by focusing on improving engagement with existing patients to grow average order values, access new regions and retaining our high value patients.
- *Innovative products* - continually augmenting the Company's portfolio with margin accretive SKUs, including larger size formats, and focus its efforts on curating a portfolio of innovative sought-after products that deliver attractive value for its consumers.
- *Portfolio optimization* - aligning the Company's portfolio with the best-selling product formats that deliver the strongest gross profit margins. The Company completed its first portfolio optimization in November 2021 and its most recent one in January 2023 to respond to emerging market trends.
- *Strategic flower sourcing arrangements* - procuring high-THC usable flower from third-party growers to drive improved whole flower product out-of-stock performance.

⁷ *Data on cannabis for medical purposes.* Health Canada. <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/medical-purpose.html>

- *Co-packing* - identifying areas where operational efficiencies can be extracted by outsourcing certain manufacturing and processing functions. These outside service providers allow the Company to rapidly scale throughput and focus its capital allocation in areas that are anticipated to deliver a higher return in the long-term.
- *Focusing on high quality usable flower* - optimizing grow practices to focus on the yield of high potency, usable flower for its branded products. This strategic shift away from focusing on total quantity and towards usable flower continues to optimize the yield and drive down the cash cost to grow flower.
- *Selective automation* – where products begin to mature in their packaging format, sizes, and consumption preferences the Company strategically deploys capital to automate certain parts of its processing. Most recently acquiring its first automated flower packaging machine and ramping it up in February 2023.

Bulk Wholesale

Bulk wholesale net revenue was higher for the fiscal year ended March 31, 2023 at \$6.2 million compared to \$4.5 million in the prior year. Despite the company's being primarily focused on growing its branded cannabis sales, this increase primarily came from the completion of two product-in-kind arrangements that saw the Company complete its obligations with these two Canadian LPs. Additionally, the Company opportunistically sold off-spec, low potency flower and other aged inventory in the bulk wholesale sales channel to other Canadian LPs. The Company continually evaluates its anticipated cultivation yield and requirements for its forecasted sales to optimize its inventory on hand and increase inventory turnover.

Total gross profit⁸ improved by \$3.0 million for the fiscal year ended March 31, 2023 compared to the prior year. This was driven by higher net revenue versus the prior year, the nonrecurrence of negative gross profit margin wholesale transactions as was the case in fiscal year 2022, and an improved gross profit margin in its branded cannabis product portfolio.

⁸ This is a non-IFRS measure. Please see page 34 for more information.

REVENUE COMPOSITION

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
Revenue					
Adult-Use	5,768	9,001	36,039	29,120	31,068
Medical Use	3,301	2,741	13,000	12,192	15,729
International	411	-	2,097	502	662
Total Branded	9,480	11,742	51,136	41,814	47,459
Bulk Wholesale	2,216	(1,008)	6,225	4,489	6,355
Total Revenue	11,696	10,734	57,361	46,303	53,813
Net Revenue					
Adult-Use	3,742	5,518	22,439	19,777	21,499
Medical Use	3,020	2,529	12,086	11,288	14,608
International	411	-	2,097	502	662
Total Branded	7,173	8,047	36,622	31,567	36,768
Bulk Wholesale	2,216	(1,008)	6,225	4,489	6,354
Total Net Revenue	9,389	7,039	42,847	36,056	43,122

OPERATING EXPENSES

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
Selling, general and administrative	5160	4,887	18,221	27,231	34,127
Amortization and depreciation	363	2,607	3,373	7,669	9,468
Share-based compensation expense	(139)	68	1,944	2,320	2,899
Restructuring costs	106	-	397	-	-
Business transaction costs	74	696	502	3,572	5,026
Bad debt expense	218	179	217	1,722	1,868
Total	5,781	8,437	24,653	42,514	53,388

The total operating expenses for the three months ended March 31, 2023 declined 31% to \$5.8 million, compared to the previous year's expenses of \$8.4 million, despite a 33% increase in total net revenue. The total operating expenses for the twelve months ended March 31, 2023 declined 42% to \$24.7 million, compared to the prior year's expenses of \$42.5 million. The decline is primarily driven by significant headcount reductions, winddown of physical medical clinics, IT consolidation of platforms, integration of the physical, virtual, and third-party clinic platform, rationalizations in consultants, advisors and legal costs, and various other cost optimization initiatives. The Company's full-time equivalent headcount has decreased by 43% from 276 at March 31, 2022 to 158 as at March 31, 2023. For the twelve months ended March 31, 2023, bad debt expense decreased as the Company continues to improve the credit quality of its receivables with increased focus on branded cannabis sales which have negligible credit risk as they are mostly government agencies. In the prior year the bad debt expenses was higher due to increased bulk wholesale sales related allowances for doubtful accounts. Business transaction costs were down for the three months and twelve months ended March 31, 2023, mainly due to non-recurring marketing, consultant, brand development and product formulation costs related to the launch of new product formats in the prior year comparative quarter. There were restructuring costs for the year of \$0.4 million related to the winddown of the Grimsby greenhouse.

OTHER EXPENSES (INCOME)

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
Interest expense, net	2,310	2,626	9,357	8,548	10,787
Gain on sale of assets	(21)	-	(91)	-	(12,092)
Fair value through profit and loss	2,000	1,120	1,108	15,505	15,505
Impairment of property, plant and equipment	-	-	5,578	28,800	28,800
Impairment of intangible assets	-	-	-	53,093	53,093
Impairment of goodwill	-	-	-	11,314	11,314
Gain on marketable securities	-	-	-	(12,092)	-
Other non-operating expense (income)	-	263	-	334	(18)
Total	4,289	4,009	15,952	105,502	107,389

Other expenses for the three months ended March 31, 2023 was \$4.3 million compared to \$4.0 million for the three months ended March 31, 2022. The increase in fair value through profit and loss adjustments relates to a reduction in the fair value of the Company's investments.

Other expenses for the twelve months ended March 31, 2023 was \$16.0 million compared to \$105.5 million for the twelve months ended March 31, 2022. Prior year included profit and loss adjustments of \$29.9 million related to a decrease in the fair value of the Company's investments, impairments to property, plant, and equipment (PPE) classified as held for sale and determined that the carrying amount of one of its assets was no longer recoverable, and impairments to intangible assets.

NON-IFRS MEASURES

ADJUSTED SG&A

Adjusted selling, general and administrative (“**Adjusted SG&A**”) is defined as SG&A expenses adjusted to exclude non-recurring costs. These non-recurring items may relate to certain transaction costs, one-time subsidies, and severances. Adjusted SG&A is not recognized or defined under IFRS, and as a result, it may not be comparable to the data presented by competitors.

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
SG&A	5,160	4,887	18,221	27,231	34,127
Business transaction costs	74	696	502	3,572	5,026
Wage Subsidies, severance	(105)	1,142	(552)	(598)	(38)
Grimsby costs	(459)	-	(459)	-	-
Paris property taxes	(137)	-	(137)	-	-
Medical Clinic Supply Services	-	557	-	2,059	2,059
Adjusted SG&A	4,533	7,282	17,575	32,264	41,174

The Company considers Adjusted SG&A an important key metric to measure the Company’s cost structure outside of production and inventory related costs as it drives continued operating leverage and improved Adjusted EBITDA profitability. The Company believes tightly containing and finding further cost efficiencies is a competitive strength. It is mostly fixed in nature with some variability depending on sales volume for marketing and other sales-oriented expenditures.

The Company has aggressively contained and rationalized its Adjusted SG&A cost profile, resulting in a 51% decline to \$4.5 million in the three months ended March 31, 2023, compared to \$7.3 million in the prior year comparative quarter. This was achieved despite total net revenue increasing 33% over the same period to \$9.4 million from \$7.0 million in the prior year. See the explanations of the changes in operating expenses for further information on SG&A.

There was a decline by 46% to \$17.6 million in the twelve months ended March 31, 2023, compared to \$32.3 million in the prior year comparative quarter. This was achieved despite total net revenue increasing 19% over the same period.

ADJUSTED EBITDA

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
Net loss	(12,053)	(4,152)	(34,610)	(156,049)	(169,867)
Add back:					
Depreciation and amortization ⁽¹⁾	888	2,149	6,147	10,050	12,427
Interest expense, net	2,310	2,626	9,357	8,549	10,787
Income tax expense (recovery)	-	-	-	(2,854)	(2,854)
EBITDA	(8,856)	623	(19,107)	(140,305)	(149,507)
Inventory write down	-	-	6,795	19,648	19,648
FV changes in biological assets and changes in inventory sold	5,935	906	1,401	563	1,453
Share-based payments	10	68	2,221	2,320	2,899
Bad debt expense	218	(8,088)	218	(1,290)	1,868
Business transaction costs	74	696	501	3,613	5,026
Restructuring costs	106	-	397	-	-
Gain on sale of assets	-	-	(112)	(12,092)	(12,092)
Gain on sale of marketable securities	(21)	-	(21)	-	-
Fair value through profit and loss adjustments	-	1,120	1,133	15,505	15,505
Impairment of intangible assets	-	-	-	53,093	53,093
Impairment of goodwill	-	-	-	11,314	11,314
Impairment of property, plant & equipment	2,000	-	5,578	28,800	28,800
Grimsby costs	563	-	563	-	-
Paris property taxes	137	-	137	-	-
Non-operating expense (income)	62	263	115	(106)	(17)
Adjusted EBITDA ⁽²⁾	229	(4,412)	(181)	(18,937)	(22,010)

1. Includes non-cash depreciation expensed to cost of sales.

2. See "Cautionary Statements Regarding Certain Non-IFRS Measures" section for term definitions

The Company considers Adjusted EBITDA a key metric for measuring operating performance and cash flow, to manage working capital, debt repayments and capital expenditures. Adjusted EBITDA is calculated as net income (loss), excluding (i) amortization and depreciation, (ii) fair value changes in biological assets and changes in inventory sold, (iii) share-based payments, (iv) bad debt expense, (v) business transaction costs, (vi) non-operating expenses (income), (vii) taxes, (viii) interest expenses, (ix) one-time sale of assets, (x) unrealized gain (loss) on marketable securities and (xi) other non-recurring expenses (income). Adjusted EBITDA is not recognized or defined under IFRS, and as a result, it may not be comparable to the data presented by competitors.

Adjusted EBITDA for the three months ended March 31, 2023 was a gain of \$0.2 million, compared to a loss of \$4.4 million in the prior year comparative quarter. The increase was primarily due to the \$1.3 million

bulk wholesale gross profit before fair value adjustments which represents two bulk wholesale customers.

The Company entered into five sales transactions representing \$2.2 million in bulk wholesale net revenue and \$1.3 million in gross profit before fair value adjustments with two customers to settle a product-in-kind obligation. These input materials exceeded the Company's near-term supply requirements for its own branded cannabis products and accordingly had previously taken a \$1.1 million inventory provision. In management's estimation at the time of recording the inventory provisions, the cost of the inventory exceeded management's estimate of the net realizable value. After completing these sales transactions, the Company has no further obligation or commitment to these customers. As the sales transactions with these two customers fulfilled two separate product-in-kind obligations, no cash was received.

The Company will continue to sell product that is in excess of its needs to supply its own branded cannabis products in bulk wholesale transactions in order to maximize net realizable margin from its cultivation sites and improve its liquidity position.

The improvement in Adjusted EBITDA also benefitted from the reduction in selling, general and administrative expenses. There was certain marketing, consultant, brand development and product formulation costs related to the launch of new product formats, most of which are non-recurring in nature. In conjunction with the Company's focused cost containment and rationalizations, which has delivered a dramatically improved SG&A expense profile.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objectives when managing its liquidity and capital resources are to ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans while maintaining healthy liquidity reserves and access to capital for at least the next twelve months.

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. The Company manages liquidity risk through the management of its capital structure. On March 31, 2023, the Company's contractual obligations consist of accounts payable and accrued liabilities, net tax payable, credit facilities, and lease liability, which has a contractual maturity date within one year.

The following table sets forth the use of proceeds from the Company's equity offering and debt financings completed over the last four quarters.

Date	Type	Gross Proceeds	Initially Intended Use of Proceeds	Actual Usage of Proceeds
June 24, 2022	Equity Financing Private Placement	\$5.6 million	The Company expected to use the net proceeds to fund working capital and capital expenditures for the Company's continued growth, and other general corporate purposes.	Proceeds were used to fund working capital and other general corporate purposes.

December 16, 2022	Debt Financing Promissory Notes	\$4.5 million	The Company expected to use the net proceeds to fund working capital and capital expenditures for the Company's continued growth, and other general corporate purposes.	Proceeds were used to fund working capital and other general corporate purposes.
January 24, 2023				
February 28, 2023				

Cash Flow Highlights

A condensed consolidated cash flow statement of the Company is summarized below:

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
Cash balance, beginning of period	602	11,232	1,569	17,678	30,529
Cash used in operating activities	(1,838)	(3,555)	(3,478)	(25,458)	(32,142)
Cash provided by used in investing activities	(49)	(652)	(1,427)	(4,203)	(4,659)
Cash provided by (used in) financing activities	1,912	(5,456)	3,963	13,552	7,841
Cash and restricted cash balance, end of period	627	1,569	627	1,569	1,569

Operating Activities

Cash used in operating activities was \$1.8 million for the three months ended March 31, 2023, compared to cash used in operating activities of \$3.6 million for the three months ended March 31, 2022. Cash used in operating activities has decreased by \$1.7 million driven by improved gross profit margin, reduced SG&A expense profile, enhanced accounts receivable and inventory working capital efficiency and the closure of the Grimsby greenhouse.

Cash used in operating activities was \$3.5 million for the twelve months ended March 31, 2023, compared to cash used in operating activities of \$25.5 million for the twelve months ended March 31, 2022. Cash used in operating activities has decreased by \$22 million driven by higher total net revenue, improved gross profit margin, reduced SG&A expense profile, and enhanced accounts receivable and inventory working capital efficiency.

Investing Activities

Cash used in investing activities was \$0.1 million and \$1.4 million for the three and twelve months ended March 31, 2023, compared to \$0.7 million and \$4.2 million for the three and twelve months ended March 31, 2022. Cash used in investing activities has declined significantly, due to the completion of significant capital projects at the Company's owned production facilities and the winddown of the Grimsby greenhouse. The Company continues to invest in ongoing equipment and other capital expenditures to maintain and make modest enhancements to the efficiency of its two cultivation facilities, including the investment in an automated flower packaging machine.

Financing Activities

Cash provided by financing activities was \$1.9 million for the three months ended March 31, 2023, compared to cash used in financing activities of \$5.5 million for the three months ended March 31, 2022.

The gross proceeds from the issuance of two promissory notes was \$3.5 million and this was partially offset by the \$1.2 million decline in the drawn balance on the revolving credit in the quarter ended March 31, 2023.

Cash generated by financing activities was \$4.0 million for the twelve months ended March 31, 2023, compared to \$13.5 million for the twelve months ended March 31, 2022. The Company raised \$5.6 million from the issuance of common shares and \$4.5 million from the issuance of promissory notes. This cash inflow was partially offset by \$2.0 million in interest payments, \$2.3 million credit facility repayment, \$1.3 million in lease liabilities and other debt related costs.

Contractual Obligations & Capital Expenditures

As of March 31, 2023, the Company had the following contractual obligations:

(\$,000s)	Within 1 year	2 years	3 years	4 years	5 year and thereafter
Convertible debentures	-	12,350	-	12,350	14,736
Credit facilities	12,882	-	-	-	-
Lease obligations	260	1,072	511	11	2
Promissory notes	-	4,500	-	-	-
Purchase commitments	506	-	-	-	-
Total	13,648	17,972	511	12,361	14,738

The purchase commitments all represent outstanding purchase orders to be fulfilled by vendors.

Convertible Debt

In June 2019, Aleafia Health issued 40,250 additional convertible debentures units (the “Debenture Units”) for gross proceeds of \$40.3 million. Each Debenture Unit consisted of one \$1,000 principal amount of an unsecured convertible debenture of Aleafia Health and 680 common share purchase warrants, which debentures contained the following terms:

- a maturity date of June 27, 2022;
- an interest rate of 8.5% per annum; payable semi-annually;
- convertible at \$1.47 per share until June 27, 2022, at the option of the holder; and
- Aleafia Health may accelerate the expiry date of the common share purchase warrants with not less than 30 days’ notice, should the daily volume weighted average trading price of the outstanding common shares of Aleafia Health on the TSX be greater than \$3.10 for 20 consecutive trading days.

During 2019, Debenture holders converted \$2.9 million debentures to common shares. Accordingly, the remaining principal balance to be paid upon maturity is \$37.3 million.

During the year ended March 31, 2022, Debenture holders converted \$0.3 million debentures to 204,751 common shares. Accordingly, the remaining principal balance to be paid upon maturity is \$37.0 million.

On June 23, 2022, the Company amended key commercial terms of its unsecured convertible debenture (Debenture Amendments), maturing June 27, 2022. The amendment includes, among other things, exchanging the current convertible debentures for new convertible debentures with maturities in two, four and six years. The interest rate remains the same at 8.5%, with payment in kind with additional new convertible debentures and a reduction in the conversion price from \$1.47 to \$0.25 for the debentures expiring in 2024, \$0.30 for the debentures expiring in 2026, and \$0.35 for the debentures expiring in 2028.

The Debenture Amendments were effected by the exchange of the outstanding \$37.0 million principal amount of unsecured convertible debentures for new, secured convertible debentures, which were issued to existing debenture holders in three equal, separate series (each, a “Series”): (a) 8.50% Series A Secured Debentures Due June 30, 2024 (the “Series A Debentures”), (b) 8.50% Series B Secured Debentures Due June 30, 2026 (the “Series B Debentures”), and (c) 8.50% Series C Secured Convertible Debentures Due June 30, 2028 (the “Series C Debentures” and, collectively with the Series A Debentures and the Series B Debentures, the “New Debentures”).

The interest rate remains at 8.5%, with no mandatory cash interest payment for either 24 and 30 months depending on the length of the term, as interest will be paid-in-kind with additional New Debentures (the “PIK Interest”) during these periods.

In addition, \$2.4 million principal amount of Series C Debentures were issued as consideration for the consent fee payable to debenture holders who consented in favour of the extraordinary resolution approving the Debenture Amendments.

Following the closing of the Debenture Amendments, the following New Debentures are issued and outstanding on the following terms:

New Debenture	Initial Principal Amount	Maturity Date	Conversion Price
Series A Debentures	\$12,350	June 30, 2024	\$0.25
Series B Debentures	\$12,350	June 30, 2026	\$0.30
Series C Debentures	\$14,736	June 30, 2028	\$0.35

The New Debentures are secured against certain assets of the Company and are fully subordinated to the Company’s existing credit facilities. The Company is not permitted to incur further senior secured indebtedness, subject to certain exceptions, including to fund working capital, capital expenditures, and acquisitions.

December 2021 Credit Facility - Current

On December 24, 2021, the Company entered into a new loan agreement that provides for a term facility of \$12.0 million and access to a revolving facility up to \$7.0 million. The loans bear interest at a rate of the National Bank of Canada prime rate with a floor of 3.45% plus 9%, annually. The availability under the revolving facility is subject to an advance rate against certain accounts receivable balances. Both facilities are payable on the earlier of demand and two years from funding.

The facility is secured by first lien mortgages on the Paris, Ontario and Grimsby, Ontario production facilities and certain equipment and a general security agreement.

On each of March 28, 2022 and June 17, 2022 the Company and the lender agreed to certain amendments to the agreement to provide for ongoing funding under the revolving facility despite one or more breaches of existing covenants.

As of March 31, 2023, the facility was fully paid off with an overpayment of \$0.2 million, resulting in an undrawn balance of \$7.2 million.

The available undrawn balance of the revolving facility, based on the eligible accounts receivable criteria, at the date hereof is \$0.7 million.

August 2021 Credit Facility – Current

On August 23, 2021, the Company entered into a secured Credit Agreement, to receive \$10.0 million for working capital, general corporate purposes and capital expenditures. The term of the loan was for one year and it bears simple interest at a rate of 12%, with an effective interest rate of 17.3%. Accrued interest may either be paid monthly in arrears or upon maturity of the facility. The first six months following the amended agreement allows for interest to accrue. In addition, up to 1,000,000 common share purchase warrants with an exercise price of \$0.32 were granted and vest in four tranches of 250,000 quarterly commencing November 20, 2021. The warrants were ascribed a value of \$131, using Black Scholes pricing model. The loan was initially secured by first lien mortgages on the Paris, Ontario and Grimsby, Ontario production facilities.

On December 24, 2021, the Company entered into an amendment with its lender to revise certain terms in the credit facility. The mortgages against the Paris, Ontario and Grimsby, Ontario production facilities were subordinated and a first lien mortgage was granted on the Port Perry, Ontario facility. The maturity date was extended by approximately 16 months to December 24, 2023 and the stated interest rate applicable changed to 12.45%.

The Company made a principal repayment of \$5.0 million against the credit facility, together with accrued interest and fees on January 7, 2022. The first tranche of the common share purchase warrants of 250,000 vested on November 20, 2021. Due to the early repayment, the second tranche vesting February 20, 2022, was reduced to 190,217 from 250,000. The third tranche of 125,000 common share purchase warrants vested on May 20, 2022 and the remaining 125,000 common share purchase warrants vested on August 20, 2022.

Promissory Note – Non-Current

During the year ended March 31, 2023, the Company issued three promissory notes totaling \$4.5 million carrying a fixed 12.75% interest rate. The first note of \$1.0 million was issued on December 16, 2022, the second note of \$1.5 million was issued on January 24, 2023 and the third note of \$2.0 million was issued on February 28, 2023. All three notes become due and payable on December 31, 2024. The interest on these notes is paid bi-monthly. The use of proceeds of these promissory notes was to fund working capital.

Contingencies

In the ordinary course of business, from time to time, the Company may be involved in various claims related to its commercial and/or corporate activities. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to the Financial Statements.

Certain of Emblem Corp.'s former executives have been named in a claim commenced March 20, 2015, in the Ontario Superior Court of Justice that also identifies Emblem Corp. and Emblem in relation to certain services provided to the parties by an individual. The plaintiff has claimed \$10 million in damages. The claim is being contested and is expected to proceed to trial circa 2024 if a settlement cannot be reached earlier. The outcome of this legal matter is subject to negotiations by the officers of the Company and the Company believes it is unlikely to be impacted and accordingly, no amount has been provided for. A separate claim was also initiated by Amos Tayt's on March 22, 2019, in the Ontario Superior Court of Justice against Emblem and Emblem Corp. arising out of the same facts and seeking the same damages. It is also being contested.

On June 16, 2020, a class-action lawsuit was issued in Calgary, Alberta by Lisa Marie Langevin as the proposed representative plaintiff. The claim has been filed against most of the cannabis manufacturers in Canada and includes, among the many defendants, Emblem Corp. and Aleafia Health. The claim alleges that the THC and CBD levels in the products manufactured and/or sold by the defendants differed from what was represented on packaging, specifically alleging that THC and CBD levels were found to be significantly higher than indicated in some products while others may have had significantly lower levels. The action is seeking \$500 million (or such other amount as may be proven at trial) for all Canadians who purchased medicinal cannabis products on or after June 16, 2010, as well as Canadians who legally purchased cannabis for recreational purposes on or after October 17, 2018. The claim also seeks \$5.0 million in punitive damages. Ms. Langevin has not alleged that she ever purchased product from Emblem or Aleafia Health. The case is at its earliest stages. The Company believes it has good defenses to the claim and intends to vigorously defend the claim. Accordingly, at this stage no amount has been provided for in the consolidated statements of financial position in respect of this claim.

On February 8, 2023, the Company received a letter from the Canada Revenue Agency ("CRA") with respect to Emblem Cannabis Corporation's previously filed Canada Emergency Wage Subsidy ("CEWS") for the period between March 15, 2020 and March 13, 2021. The CRA has audited said periods for Emblem Cannabis Corporation and has proposed a claw back in the amount of \$3.2 million related to the CEWS funds provided to the Company. The Company is actively reviewing the CRA's findings and intends to file a Notice of Objection. Based on the Company's records and external advice, it remains of the belief that it is owed the full amount of the previously claimed and received CEWS funds. At this time, it is not possible to make a reasonable and reliable estimate of the likelihood of the outcome of the dispute. Accordingly, the Company has not accrued for any potential disallowed CEWS claims in the period. The Company will continue to assess the matter as the dispute resolution progresses.

Excise Duties

The Company has excise duties which are accrued for in the normal course as incurred. As a result, of ongoing liquidity issues the Company has accumulated overdue excise duties and is incurring interest at the statutory posted rate on said amounts. The total excise duty payable as at March 31, 2023 was \$9.4 million. The Company is in discussions with the CRA to formulate a formal repayment plan. No assurances can be provided as to the length or outcome of these discussions.

Off-balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Related Party Transactions

Other than compensation and benefits paid to directors or key management personnel in the normal course of business, the Company had no transactions with its related parties (as defined under IFRS) during the reporting period.

SELECTED QUARTER & ANNUAL INFORMATION

The following information has been prepared in accordance with IFRS in Canadian dollars.

(\$,000s) except per share amounts	Three months ended		Twelve months ended		
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-21
Net revenue	9,394	7,039	42,847	36,496	29,189
Cost of sales	5,437	6,106	28,651	32,566	15,669
Total operating expenses	5,782	8,437	24,654	42,514	43,493
Total other expenses	4,289	4,009	15,952	105,502	206,931
Net loss and comprehensive loss	(12,050)	(4,152)	(34,604)	(150,764)	(257,022)
Loss per share, basic and diluted	\$(0.03)	\$(0.01)	\$(0.09)	\$(0.46)	\$(0.83)
Total assets	59,925	81,518	59,925	81,518	72,051
Total non-current liabilities	33,197	6,908	33,197	6,908	38,382

The fluctuations in reported results during the three months ended March 31, 2023 resulted primarily from the following factors:

- Net revenue increased 33% to \$9.4 million from \$7.0 million in the prior year primarily due to an increase in wholesale revenue.
- Cost of sales decreased 11% to \$5.4 million from \$6.1 million in the prior year. Cost of sales % improved to 58% of net revenue compared to 87% in the prior year primarily due to an increase in the proportion of branded cannabis sales and the gross profit margin expansion in branded cannabis sales.
- Total operating expenses decreased 32% to \$5.8 million from \$8.4 million in the prior year. The decline is primarily driven by significant headcount reductions, winddown of physical medical clinics, integration of the physical, virtual, and third-party clinic platform, rationalizations in consultants, advisors and legal costs, reduction in amortization and depreciation expense, and various other cost optimization initiatives.
- Total other expenses were slightly higher at \$4.3 million compared to \$4.0 million in the prior year. The increase is due to fair value through profit and loss adjustments related to a change in share price of investments and marketable securities.
- Total non-current liabilities increased which following the convertible debenture refinancing completed in June 2022 were reclassified from current to non-current liabilities.

Fluctuations in results for the twelve month period ended March 31, 2023 compared to the prior periods resulted primarily from the following factors:

- Net revenues improvement of 17% and 25% compared to the periods ended March 31, 2022 and March 31, 2021 respectively. This trend is a result of the company's strategic shift to branded cannabis products.
- Cost of sales over the twelve month period ended March 31, 2023 improved by 11%. The Company methodically reviewed its cost structure and optimized its talent and resources towards branded cannabis products which delivered the highest net realizable margin per gram of flower sold.

- Operating expenses have significantly improved over the past twelve months because of the company's ongoing cost containment strategy. The Company realigned its medical business, integrated its virtual, physical and third-party clinic platform to further improve its general and administrative and wages and benefits cost profile while improving the patient experience through a more cohesive and consistent approach to managing patient interactions. The Company assessed procurement practices, resulting in a consolidation of certain vendors leading to cost efficiencies.
- Net loss and comprehensive losses in the year's ended March 31, 2022 and 2021 included significant impairments of goodwill, intangible assets, and impairment of property, plant and equipment.

QUARTERLY HISTORICAL FINANCIAL RESULTS

(\$,000s)	Three months ended			
	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22
Net revenue	9,389	10,789	10,577	12,028
SG&A expenses	5,160	3,872	4,257	5,006
Net loss and comprehensive loss	(12,053)	(25,128)	7,047	(4,469)
Basic and diluted earnings (loss) per share	\$(0.03)	\$(0.06)	\$0.02	\$(0.01)

(\$,000s)	Three months ended			
	31-Mar-22	31-Dec-21	30-Sep-21 (Restated)	30-Jun-21 (Restated)
Net revenue	7,039	8,764	9,574	10,672
SG&A expenses	4,887	6,980	6,581	9,165
Net loss and comprehensive loss	(4,152)	(71,509)	(80,335)	5,231
Basic and diluted earnings (loss) per share	\$(0.01)	\$(0.22)	\$(0.24)	\$0.02

The Company is exposed to seasonality with respect to its branded cannabis sales. Sales are typically slower in the first quarter of each calendar year and then increase into the summer periods.

SG&A expenses have trended lower over the past eight quarters reflecting the success of the company's focus on cost containment and rationalization.

SUMMARY OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. Subsequent to March 31, 2023, 121,220 common shares were issued under the Company's share-based plans. The total number of common shares issued and outstanding is 403,265,146 as of the date hereof.

In addition, the Company has the following securities outstanding which are convertible into common shares:

- 34,765,475 warrants;
- 50,874,190 stock options;
- 1,935,750 restricted share units;
- 12,082,004 deferred share units;
- \$12,887,493 of Series A Debentures;
- \$12,887,493 of Series B Debentures; and
- \$15,378,043 of Series C Debentures.

FINANCIAL INSTRUMENTS

The table below summarizes the categories under IFRS 9 for the financial assets and financial liabilities:

(\$,000s)	March 31, 2023	March 31, 2022
Fair value through profit and loss (cash, restricted cash, and marketable securities)	697	2,759
Assets, amortized cost (trade receivables, net tax receivable, and investments)	6,666	10,672
Liabilities, amortized cost (accounts payable, net tax payable, lease liability, credit facilities, liabilities held for sale, promissory note and convertible debt)	68,838	79,903

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 - Inputs that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by Level within the fair value hierarchy:

Fair value measurements using	Quoted prices in active markets for identical instruments	Significant other observable inputs	Significant unobservable inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
	\$	\$	\$	\$
Cash	465	-	-	465
Restricted cash	162	-	-	162
Marketable securities	65	5	-	70
Total, March 31, 2023	692	5	-	697

The carrying value of trade receivables, accounts payable and net tax payable are a reasonable approximation of their fair value due to their short-term nature. The carrying value of lease liability, credit facilities, promissory notes and convertible debt are a reasonable approximation of their value based on market interest rates for similar instruments as at March 31, 2023.

Financial Instruments Risk Management

Effective risk management is fundamental to the success of the organization and is recognized as key in the Company's overall approach to strategy management. The primary goals of the Company's risk management strategy are to ensure that the outcomes of risk-taking activities are consistent with the Company's strategies and risk appetite and that there is an appropriate balance between risk and reward to maximize shareholder value.

a) Currency risk

The Company's revenues and expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary assets or liabilities and has few transactions denominated in a currency other than Canadian dollars. During the twelve months ended March 31, 2023, there has been no change to the management of this risk.

b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits, the variable rate of interest applicable to the \$12.0 million term facility and the drawn amount of the revolving facility. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term in nature. The interest rate risk on convertible debt is insignificant due to the fixed rate of interest on convertible debt. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company monitors interest rate and may enter into derivative instruments to hedge interest rate risk should it deem it economically efficient.

c) Investment risk

The Company is exposed to investment risk arising from its holdings in various securities, including publicly traded securities and a long-term investment in a privately held company. Investment risk encompasses a range of factors that could impact the value and performance of these securities.

The Company's investments in publicly traded securities are subject to market-related risks, including share price volatility and fluctuations. These risks are influenced by factors such as market conditions, investor sentiment, economic trends, and company-specific developments. The Company monitors market conditions, including share price movements, and evaluates the performance of its investments regularly. By staying informed about market trends and conducting ongoing evaluations, the Company aims to make informed investment decisions and manage risks effectively.

The Company holds a long-term investment in a privately held retail company, which introduces unique investment risks. These risks include factors such as business performance, market dynamics, regulatory changes, competitive landscape, and other industry-specific risks. The value and success of the investment are dependent on the ability of the underlying company to achieve its strategic objectives and generate sustainable returns. The Company regularly monitors the performance and prospects of this investment and incorporates risk assessments into its investment strategies.

The Company evaluates the business performance, market conditions, and industry-specific risks affecting the investment. By conducting ongoing assessments and incorporating risk assessments into its investment strategies, the Company strives to manage investment risk effectively.

It is important to note that investment risk cannot be completely eliminated, as it is inherent in the investment process. The Company recognizes that investments carry inherent uncertainties, and actual outcomes may differ from estimates and projections. Therefore, the Company remains diligent in its investment activities, continuously evaluates investment opportunities, and adjusts its investment strategy as necessary to navigate investment-related risks effectively.

d) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash, trade and other receivables and marketable securities. The risk exposure is limited to their carrying values reflected on the consolidated statements of financial position. To minimize the credit risk the Company places these instruments with a high-quality financial institution. There are no expected credit losses with respect to cash and cash equivalents as the Company does not invest in asset backed investments. To manage and mitigate credit risk in respect of trade receivables, the Company has the option in certain cases to receive product in kind.

For the twelve months ended March 31, 2023, the expected credit losses of trade and other accounts receivables were assessed based on the expected loss model in compliance with IFRS 9. Individual receivables that were known to be incurred credit losses are written off by reducing the carrying amount directly, and this is revaluated and subject to change as the Company reevaluates its credit risk exposure. Pursuant to their collective terms, trade accounts receivable, were aged as follows:

	March 31, 2023	March 31, 2022
	\$	\$
Current	2,787	6,363
0 – 30 days past due	512	250
31 – 60 days past due	248	95
61 – 90 days past due	156	69
90 + days past due	1,184	1,176
Provision for credit losses	(871)	(654)
Other receivables	259	452
Total	4,275	7,751

The standard payment terms applicable to most customers are between 30 – 60 days upon receipt of goods. There is negligible credit risk with respect to other receivables, as they primarily originate from government agencies, national insurance companies and a credit card company.

The Company has concentration risk, as approximately 82% (March 31, 2022 – 76%) of total revenue came from three (March 31, 2022 – three) customers and approximately 59% (March 31, 2022 – 79%) of total trade accounts receivable is due from three (March 31, 2022 – three) customers.

During the year, the Company settled \$2 million in accounts payable by delivering its products to a counterparty from whom the Company had made purchases, resulting in an equivalent accounts receivable balance. This transaction led to the offsetting of accounts receivable and accounts payable, effectively

setting them to zero. Consequently, no cash flow was generated from the wholesale revenue, and both the accounts payable and accounts receivable were fully eliminated.

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has experienced recurring losses and has a cumulative deficit of \$527.8 million. For the year ended March 31, 2023, cash flow from operations is negative due in part to the high rate of revenue growth the Company has experienced which has driven a requirement for working capital and selling, general & administrative investment.

As at March 31, 2023, the Company has total current assets of \$25.8 million (March 31, 2022 - \$36.8 million) and total current liabilities of \$31.3 million (March 31, 2022 - \$73.0 million), providing for net current liability of \$5.4 million (March 31, 2022 – \$36.2 million). The significant change during the twelve months ended March 31, 2023 is primarily a result of the extinguishment of the June 2019 convertible debenture.

The Company's objectives when managing its liquidity and capital resources are to ensure sufficient liquidity to meet its financial obligations and execute its operating and strategic plans for at least the next twelve months. Management closely monitors the liquidity position. The Company manages liquidity risk by seeking out new debt and equity financing options, reviewing its capital structure to optimize the cost of capital, exploring and surfacing equity and debt funding options, managing its non-cash current assets to ensure the timely conversion to cash, divesting of non-core assets and putting plans in place to meet its financial obligations as they come due.

The Company potentially has options to meet its liquidity needs including, converting its non-cash working capital to cash, issuance of common shares via a private placement offering, issuing common shares via a public equity offering, and seeking out new debt financing options.

The Company's ability to meet its commitments to sustain operations and settle its obligations as they become due within the next twelve months and its exposure to liquidity risk is dependent on the Company's ability to:

- Divesting of its assets held for sale;
- Refinance or amend the terms of its credit facilities;
- Raise additional debt financing;
- Raise additional equity financing; and
- Realize cash flow from operations which is subject to significant judgements and estimates, the most significant of which is the Company's sales projections and its ability to realize its assets and discharge its liabilities in the normal course of business.

While, the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to obtain sufficient financing to maintain operations in the normal course in the future on terms favourable for the Company. In this regard, reference should be had to the section below regarding the Company's going concern assumption.

f) Compliance with TSX, OTCQX and OTCQB Requirements

On March 22, 2022, Aleafia Health received notice from the OTCQX that its bid price had closed below

US\$0.10 for more than 30 consecutive calendar days and no longer met the Standards for Continued Qualification for the OTCQX International tier. Aleafia Health was given a 180-day cure period for its share price to trade above US\$0.10 for ten consecutive days. If, by September 19, 2022, Aleafia Health's bid price did not stay at or above the US\$0.10 minimum for ten consecutive trading days during the cure period, and, as a result, Aleafia Health was delisted from the OTCQX on September 21, 2022. However, Aleafia Health has instead been moved to the OTCQB as of September 21, 2022 where its common shares continue to trade.

On May 3, 2022, the TSX approved the application by the Company for an exemption from certain voting requirements relating to the Private Placement and Debenture Amendments on the basis of "financial hardship." As a result, the Company was subject to a remedial delisting review by the TSX. It is routine for the TSX to require any issuer utilizing the financial hardship exemption to be the subject of such a review. On September 16, 2022, the TSX announced that it would extend the delisting review period until November 29, 2022. On November 24, 2022, the TSX confirmed that it completed its delisting review and Aleafia Health satisfied the TSX's requirements to remain listed on the TSX.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Going concern assumption

The consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future.

The Company has experienced recurring losses, has a cumulative deficit of \$527.8 million (March 31, 2022 – \$493.2 million) and net working capital deficit of \$5.4 million (March 31, 2022 – deficiency of \$36.2 million). These factors indicate that there are material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on its ability to achieve profitable operations and/or raise equity or debt financing. There is no assurance that any necessary future financing will be sufficient to sustain operations until such time that the Company can generate sufficiently profitable operations to support its requirements.

The consolidated financial statements do not include any adjustments to the recoverability and classification

of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern, such adjustments could be material.

The proposed business combination transaction with Red White & Bloom Brands Inc. ("RWB"), along with the related subsequent events as described in Note 25, have the potential to significantly affect the Company's ability to continue as a going concern. Please refer to Note 25 for more details regarding this subsequent event.

The Company's objectives when managing its liquidity and capital resources are to ensure sufficient liquidity to meet its financial obligations and execute its operating and strategic plans for at least the next twelve months. Management closely monitors the liquidity position and strives to have adequate sources of funding to finance the Company's projects and operations. The Company manages liquidity risk by exploring new debt and equity financing options, reviewing its capital structure to optimize the cost of capital, maintaining the continuity of equity and debt funding options, managing its non-cash current assets to ensure the timely conversion to cash, optimizing its fixed assets which in certain instances includes monetizing, and putting plans in place to meet its financial obligations as they come due.

The Company has multiple options which could potentially meet liquidity needs including converting its non-cash working capital to cash, selling non-core assets, issuing common shares via a public or private placement equity offering, and new debt financing options.

The Company's ability to meet its commitments to sustain operations and settle its obligations as they become due within the next twelve months and its exposure to liquidity risk is dependent on the Company's ability to:

- Realize cash flow from operations which is subject to significant judgements and estimates, the most significant of which is the Company's sales projections and its ability to realize its assets and discharge its liabilities in the normal course of business;
- Remain in compliance with its credit facilities and convertible debenture covenants; and
- Raise additional debt and equity financing.

While the Company has been successful in obtaining financing to date, there can be no assurances whether it will be able to obtain sufficient funds from financing in the future and ultimately achieve profitability and positive cash flows from operations.

Biological assets and inventory

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant.

In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value, estimated useful lives and impairment of CGUs and goodwill.

Assets and liabilities held for sale

Assets and liabilities held for sale are no longer depreciated and are presented separately in the statement of financial position at the lower of their carrying amount and fair value less costs to sell. An asset is regarded as held for sale if its carrying amount will be recovered principally through a sale transaction, rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable.

Useful lives of property, plant and equipment

Depreciation and amortization of property, plant and equipment are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Revenue recognition

Estimates are used when the Company recognizes certain research revenue depending on how frequently patients visit the clinics and what portion of the upfront deposits are considered deferred. Also, significant judgment is exercised to determine if all the specific requirements for the transfer of control under a bill-and-hold arrangement have been met and revenue can be recognized. Significant judgment is exercised to determine when certain conditions have been met for products destined for international markets.

Valuation of share-based payments

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used. In calculating the fair value of the warrants, the Company includes key assumptions such as the volatility of the Company's stock price, the value of the common share, and the risk-free interest rate.

Income taxes

Income taxes and tax exposures recognized in the consolidated Financial Statements reflect management's best estimate based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

DISCLOSURE AND INTERNAL CONTROLS

Disclosure Controls and Procedures

Aleafia Health's disclosure controls and procedures (DCP), as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109) are designed to provide reasonable assurance that information required to be disclosed in our filings is recorded, processed,

summarized and reported within the time periods specified in securities legislation. They are also designed to provide reasonable assurance that all information required to be disclosed in these filings is accumulated and communicated to management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as appropriate, to allow timely decisions regarding public disclosure. Our management, including the CEO and CFO, conducted an evaluation of the effectiveness of the DCP as of March 31, 2023 and concluded they were effective.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (ICFR), as defined in NI 52-109. ICFR means a process designed by or under the supervision of the CEO and CFO, and effected by our board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS, and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the Company's financial position;
- are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Financial Statements.

All internal control systems have inherent limitations and therefore our ICFR can only provide reasonable assurance and may not prevent or detect misstatements due to error or fraud. Our management, including the CEO and CFO, conducted an evaluation of our ICFR and concluded that they were effective as of March 31, 2023.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Because of the inherent limitations in any control system, no evaluation of control can provide absolute assurance that all control weaknesses including, for example, any instances of fraud, have been detected. Inherent limitations include: (i) that management's assumptions and judgements could ultimately prove to be incorrect as conditions and circumstances vary; (ii) the impact of any undetected errors; and (iii) controls may be circumvented through the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of control is also based upon assumptions as to the likelihood of future events and there is no assurance that any design will succeed in achieving its goals under future conditions.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter that materially affected, or were reasonably likely to materially affect, our ICFR.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Forward Looking Information

Certain statements herein relating to the Company constitute "forward looking information", within the meaning of applicable securities laws, including without limitation, statements regarding future estimates, business plans and/or objectives, sales programs, forecasts and projections, assumptions, expectations,

and/or beliefs of future performance, are “forward-looking information”. Such forward-looking statements involve unknown risks and uncertainties that could cause actual and future events to differ materially from those anticipated in such statements. Forward looking statements include, but are not limited to, statements with respect to our market share, net revenue, net branded revenue, gross profit, gross profit margin, Adjusted SG&A, Adjusted EBITDA, and other financial outlook projections for financial year 2023, our commercial operations, including production and / or sales of cannabis, quantities of future cannabis production, anticipated revenue in connection with such sales, and other Information that is based on forecasts of future results, estimates of production not yet determinable, and other key management assumptions. The following material factors or assumptions were used to develop the forward looking information: market size and growth of the Canadian adult-use and medical cannabis markets, retail store penetration, script ordering frequency, retention and average order value trends, cultivation and processing capacity, costs of production, flower procurement costs, inflation, interest rates, gross and net revenue per gram.

Actual results may differ materially from those expressed or implied by such forward looking statements and involve risk and uncertainties relating to: future cultivation yield and quality, ability to procure additional Usable Flower, actual operating performance of facilities, product launches, facility licenses and amendments, patient retention ability to enter new provincial adult-use markets, average selling prices, cost of goods sold, operating expenses, Adjusted EBITDA, regulatory changes in the Canadian and international markets, and other uninsured risks. The forward looking information was approved by Management as of June 13, 2023. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law. The forward looking information is provided for information purposes only and readers are cautioned that it may not be appropriate for other purposes. This presentation is provided for general information purposes only and does not constitute an offer to sell or solicitation of an offer to buy any security in any jurisdiction

Cautionary Statement Regarding Non-IFRS Measures

This MD&A contains non-IFRS financial performance measures which the Company believes provides users with relevant information regarding operation performance. These measures are not recognized or defined under IFRS, and as a result, they may not be comparable to the data presented by competitors. These non-IFRS measures include, but are not limited to:

- Cannabis net revenue is sale of cannabis revenue less excise duties
 - Adult-use cannabis net revenue is net cannabis revenue for Canadian adult-use sales.
 - Medical cannabis net revenue is net cannabis revenue for Canadian medical sales and clinic revenue.
 - International cannabis net revenue is net cannabis revenue for international medical sales.
 - Bulk Wholesale cannabis net revenue is net cannabis revenue in sales to other LPs.
- Branded Cannabis Net Revenue is calculated as Adult-use cannabis net revenue, Medical cannabis net revenue and International cannabis net revenue. It excludes bulk wholesale net revenue
- Total Branded Cannabis Revenue is calculated as Adult-use cannabis revenue, Medical cannabis revenue and International cannabis revenue. It excludes bulk wholesale cannabis revenue.
- Gross profit margin before fair value adjustments on branded cannabis net revenue represents gross profit margin on branded cannabis net revenue. It is calculated by subtracting costs of sales relating to bulk wholesale and dividing by branded cannabis net revenue.
- Gross profit before fair value adjustments on bulk wholesale represents gross profit on bulk wholesale. It is calculated by subtracting costs of sales relating to bulk wholesale net revenue.
- Gross profit margin before fair value adjustments on bulk wholesale represents gross profit margin on bulk wholesale. It is calculated by subtracting costs of sales relating to cannabis net revenue and dividing by bulk wholesale net revenue.
- Gross profit before fair value adjustments margin is the gross profit before fair value adjustments and inventory provision divided by total net revenue. Management believes that this is a useful metric to

assess the profitability of cannabis sales, as it eliminates the effects of non-cash fair value changes in inventory and biological assets.

- Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total net revenue.

RISK FACTORS

Due to the nature of the Company's business and the legal and economic climate in which it operates, the Company is subject to significant risks. The risks presented below should not be exhaustive and may not be all of the risks that the Company may face. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business and operations. If any of the following or other risks are realized, the Company's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event the trading price of the Company's shares could decline, and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

REGULATORY AND LEGAL RISKS

Compliance with Laws

The adult-use and medical cannabis industries and markets are subject to a variety of laws in Canada and internationally.

The business and activities of the Company are heavily regulated. The Company's operations are subject to various laws, regulations and guidelines by governmental authorities, particularly Health Canada, relating to the manufacture, marketing, management, transportation, storage, sale and disposal of cannabis, and also including laws and regulations relating to health and safety, healthcare practitioner services, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services.

To the knowledge of management, the Company is currently in compliance under the *Cannabis Act*. Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on its Licences, issued in accordance with the *Cannabis Act* and *Cannabis Regulations* ("Licences") to operate the Company's business; the suspension or expulsion from a particular market or jurisdiction or of its key personnel; and, the imposition of fines and censures. To the extent that there are changes to the existing or the enactment of future laws and regulations that affect the sale or offering of the Company's product or services in any way it may have a material adverse effect on the Company's business, financial condition and results of operations. Any amendment to or replacement of the *Cannabis Act* or other applicable rules and regulations governing the Company's activities may cause adverse effects on the Company's business, financial condition and results of operations.

There is also a risk that the Company's interpretation of laws, regulations and guidelines, including, but not limited to the associated regulations and applicable stock exchange rules and regulations, may differ from those of others, including those of governmental authorities, securities regulators and exchanges, and the Company's operations may not be in compliance with such laws, regulations and guidelines.

Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and, where necessary, obtaining regulatory approvals. The impact of regulatory compliance regimes, and the impact of any delays in obtaining or failures to obtain regulatory approvals required by the Company may significantly delay or impact the development of the

Company's business and operations and could have a material adverse effect on the Company's business, financial condition and results of operations.

Further, the Company is subject to ongoing inspections by Health Canada to monitor compliance with licensing requirements. The Company's existing Licences and any new licences that it may obtain in the future in Canada or other jurisdictions may be revoked or restricted at any time in the event that the Company is found not to be in compliance. Should the Company fail to comply with the applicable regulatory requirements or with conditions set out under its Licences or should its Licences be revoked, the Company may not be able to continue producing or distributing cannabis in Canada.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. The Company may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Changes in Laws, Regulations and Guidelines

The legislative framework pertaining to the Canadian recreational cannabis market is subject to significant provincial and territorial regulation, which varies across provinces and territories resulting in an asymmetric regulatory and market environment, different competitive pressures and significant additional compliance and other costs and/or limitations on the Company's ability to participate in such markets.

The laws, regulations and guidelines applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen by the Company. The *Cannabis Act* came into effect on October 17, 2018. However, uncertainty exists with respect to the implementation of the *Cannabis Act*, federal regulations thereunder as well as the various provincial and territorial regimes governing the distribution and sale of cannabis for adult-use, recreational purposes.

Since cannabis remains illegal under U.S. federal law (other than the legalization of hemp) any engagement in cannabis-related activities may lead to heightened scrutiny by regulatory bodies and other authorities that could negatively impact the Company and/or its personnel.

The impact of these new laws, regulations and guidelines on the business of the Company, including increased costs of compliance and other potential risks, cannot be fully predicted; accordingly, the Company may experience adverse effects.

Reliance on Licenses and Permits

The Company's ability to grow, store and sell cannabis in Canada is dependent on its Licences from Health Canada. Failure to comply with the requirements of the Licences or any failure to maintain its Licences would have a material adverse effect on the business, financial condition and operating results of the Company.

The Port Perry facility Licence will expire on October 9, 2023, the Paris facility Licence will expire on January 20, 2028, the Grimsby facility Licence will expire on June 13, 2023, and the Distribution Centre Licence will expire on February 12, 2024. The Company has ceased all activities at its Grimsby facility and is no longer dependent on the facility or its licence.

Although management believes it will meet the requirements of the *Cannabis Act*, for extension of the Licences, there can be no guarantee that Health Canada will extend or renew the Licences or, if it is extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the Licences, or should it renew the Licences on different terms or not provide the amendments as requested for anticipated capacity increases, the business, financial condition and results of the operations of the Company will be materially adversely affected.

The Company is dependent upon its Licences for its ability to grow, store and sell cannabis and other products at its production facilities. The Licences are subject to ongoing compliance, reporting requirements and renewal.

In addition to the Licences, the operations of the Company may require other Licences and permits from various governmental authorities, including, but not limited to, local municipalities. The Company currently has all non-federal permits and Licences that it believes are necessary to carry on its business. The Company may require additional Licences or permits in the future and there can be no assurance that the Company will be able to obtain all such additional Licences and permits. In addition, there can be no assurance that any existing Licences and permits will be renewable if and when required or that such existing Licences and permits will not be revoked.

Regulatory or Agency Proceedings, Investigations and Audits

The Company's businesses require compliance with certain laws and regulations. Failure to comply with applicable laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could lead to damage awards, fines and penalties.

The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition.

There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

Reliance on Facilities

The Port Perry facility, the Paris facility, and the Distribution Centre are integral to the Company's business and adverse changes or developments affecting any of them may impact the Company's business, financial condition and results of operations.

Adverse changes or developments affecting the Port Perry facility, Paris facility, and/or the Distribution Centre, including but not limited to a force majeure event or a breach of security, could have a material adverse effect on the Company's business, financial condition and prospects. Any breach of the security measures and other production facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Health Canada, could also have an impact on the Company's ability to continue operating under its existing licence or the prospect of renewing the licence or could result in a revocation of the licence.

Constraints on Marketing Activities

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities and the potentially broad interpretation of such restrictions imposed by Health Canada. The regulatory environment in Canada limits the Company's ability to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased sales prices for its products, the Company's sales and operating results could be adversely affected.

Intellectual Property

The Company's success depends in part on its ability to protect its rights to intellectual property and/or to license intellectual property rights on favourable terms. The Company relies upon various forms of intellectual property protection, including copyright and trademarks, as well as contractual provisions, to

protect intellectual property rights. Despite precautionary measures, the steps the Company takes may not prevent misappropriation of the Company's intellectual property, and the agreements the Company enters into may not be enforceable. It may also be possible for third parties to obtain and use the Company's intellectual property without authorization. Policing unauthorized use of intellectual property is difficult, time-consuming and costly. Further, some foreign laws do not protect proprietary rights to the same extent as the laws of Canada.

With respect to the trademark applications that the Company has filed, the Company cannot offer any assurances about whether such applications will be granted. Even if trademark applications are successfully approved, third parties may challenge their validity, enforceability, or scope, which may result in such trademarks being narrowed, found unenforceable or invalidated. Even if they are unchallenged, any trademark applications and future trademarks may not adequately protect the Company's intellectual property or provide exclusivity for its products or processes. Any of these outcomes could impair the Company's ability to prevent competition from third parties, which may have an adverse impact on the Company's business.

Trademark protection is an important factor in establishing product recognition. The Company's ability to protect its trademarks from infringement could result in injury to any goodwill which may be developed in those trademarks. Moreover, the Company may be unable to use one or more of its trademarks because of successful third-party claims.

To protect the Company's intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of management, cause significant delays, materially disrupt the conduct of business or adversely affect the business, financial condition and results of operations.

In addition, other parties may claim that the Company's products infringe on their proprietary or patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources and legal fees, result in injunctions or temporary restraining orders or require the payment of damages.

The Company also relies on certain trade secrets, technical know-how and proprietary information that are not protected by patents to maintain its competitive position. The Company's trade secrets, technical know-how and proprietary information, which are not protected by patents, may become known to or be independently developed by competitors, which could adversely affect the Company.

OPERATING RISKS

The Cannabis Industry in Canada

As a LP, the Company is operating its business in a relatively new industry and market. In addition to being subject to general business risks, the Company must continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry, such as the imposition of restrictions on sales and marketing or restrictions on sales in certain areas, could have a material adverse effect on the Company's business, financial conditions and results of operations.

Operating in a New and Evolving Industry

The nature of the new and rapidly evolving industry and developing market for cannabis may result in management having to change focus and strategy and adapt to an evolving and changing market and industry. In addition, the Company will be susceptible to adverse developments in this new market and industry, the sole market in which it operates, such as new developments, changing demographics, changing regulatory regime and other factors.

If the Company is unable to successfully operate as a LP, this could substantially reduce its earnings and its ability to generate cash flow from its operations and may reduce the value of the common shares and adversely affect the Company's ability to raise additional capital.

Reliance on Third Party Suppliers, Manufacturers and Contractors

The Company's business is dependent on a number of fundamental inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for certain inputs could materially impact the business, financial condition and operating results of the Company. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such a source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms could result in a material adverse effect on the operations of the Company and materially adversely impact the business, financial condition and operating results of the Company.

Third Party Transportation

In order for customers of the Company to receive products from the Company, the Company must rely on third party mail and courier services. This can cause logistical problems with and delays in customers obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation and/or rising costs associated with these services may adversely affect the Company's financial performance.

Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financial condition and operating results of the Company. Any such breach could impact the Company's ability to continue operating under its Licences or impede the prospect of renewing its Licences.

Reputational Risk to Third Parties

The parties with which the Company does business may perceive that they are exposed to reputational risk as a result of the Company's cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on the Company.

Supply Shortages and Overages

The Company may not be able to obtain from third parties, or produce, enough cannabis to meet demand. This may result in lower than expected sales and revenue and increased competition for sales and sources of supply.

In the future, LPs in Canada may produce more cannabis than is needed to satisfy the collective demand of the Canadian adult-use and medical markets, and they may be unable to export the oversupply into other markets where cannabis use is also legal. As a result, the available supply of cannabis could exceed demand, resulting in a significant decline in the market price for cannabis. If such supply or price fluctuations occur, the Company's revenue and profitability may fluctuate materially and its business, financial condition, results of operations and prospects may be adversely affected.

In addition, demand for cannabis and cannabis products is dependent on a number of social, political and economic factors that are beyond the Company's control. A material decline in the economic conditions affecting consumers can cause a reduction in disposable income for the average consumer, change consumption patterns and result in a reduction in spending on cannabis products or a switch to other

products obtained through illegal channels. There can be no assurance that market demand for cannabis will continue to be sufficient to support the Company's current or future production levels.

Disruption of Supply Chain

Conditions or events including, but not limited to, those listed below could disrupt the Company's supply chains, interrupt operations at its facilities, increase operating expenses, resulting in loss of sales, delayed performance of contractual obligations or require additional expenditures to be incurred:

- (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.;
- (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "*Public Health Crises, including COVID-19*");
- (iii) political instability, social and labour unrest, war or terrorism; or
- (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

Public Health Crises, including COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus ("COVID-19"), a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, continued to disrupt the Company's operations during the year ended March 31, 2023.

The production and sale of cannabis and cannabis-derived products have been recognized as essential services across Canada; however, COVID-19 related challenges have persisted, including, but not limited to, reduced staffing levels, production inefficiencies resulting from increased health and safety measures, and limited supply chain issues.

Due to the ongoing developments and uncertainty surrounding COVID-19, it is not possible to predict the continuing impact that COVID-19 will have on the Company, its financial position, and/or its operating results in the future. In addition, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19, and the effect of any such changes could be material. The Company is closely monitoring the impact of COVID-19 on all aspects of its business.

Effectiveness of Quality Control Systems

The quality and safety of the Company's products are critical to the success of its business and operations. As such, it is imperative that the Company's (and its service providers') quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although the Company strives to ensure that all of its service providers have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on the business, financial condition and operating results of the Company.

Development of New Products and Technologies

The Company and its competitors are actively seeking to develop new products in order to keep pace with any new market developments and generate revenue growth. The Company may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The technologies, processes and formulations the Company uses may also face competition or become obsolete. Rapidly evolving markets, technology, emerging industry standards and frequent introduction of new products characterize the cannabis business. The introduction of new products and new technologies, including new manufacturing processes or formulations, and the emergence of new industry standards may render the Company's current products obsolete, less competitive or less marketable.

The process of developing new products is complex and requires significant continuing costs, development efforts and third-party commitments. The Company may be unable to anticipate changes in customer requirements that could make its existing technology, processes or formulations obsolete. The Company's success will depend on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. Failure to develop new technologies and products and the obsolescence of existing technologies or processes could adversely affect the Company's business, financial condition, results of operations and prospects.

Reliance on Skilled Workers and Equipment

The ability of the Company to compete and grow cannabis will be dependent on it having access to, at a reasonable cost and in a timely manner, skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of any major capital expenditures contemplated by the Company may be significantly greater than anticipated by management, and may be greater than funds available, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the operations and financial results of the Company.

Attraction and Retention of Key Personnel

The Company has a small management team and the loss of a key individual or inability to attract suitably qualified management could have a material adverse effect on the Company's business. While employment and management services agreements are customarily used as a primary method of retaining the services of key personnel, these agreements cannot assure the continued services of such persons.

The Company may also encounter difficulties in obtaining and maintaining suitably qualified staff in certain of the jurisdictions in which it conducts business. In addition, there is a risk that management or key personnel will fail to execute in their roles or falter in judgment in certain circumstances, all of which could have an adverse effect on the operations and financial results of the Company.

FINANCIAL RISKS

Compliance with TSX, OTCQX and OTCQB Requirements

On March 19, 2019, the common shares of Aleafia Health ceased trading on the TSXV and commenced trading on the TSX under the symbol "ALEF", which was subsequently changed to "AH" on May 27, 2020.

Aleafia Health is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including, but not limited to, the Canadian Securities Administrators, the TSX,

the OTCQB and the Ontario Securities Commission. These rules and regulations continue to evolve in scope and complexity, creating many new requirements.

On March, 22, 2022, Aleafia Health received notice from the OTCQX that its bid price had closed below US\$0.10 for more than 30 consecutive calendar days and no longer met the Standards for Continued Qualification for the OTCQX International tier. Aleafia Health has been given a 180 day cure period for its share price to trade above US\$0.10 for ten consecutive days. If, by September 19, 2022, Aleafia Health's bid price has not stayed at or above the US\$0.10 minimum for ten consecutive trading days, then its shares will be delisted from the OTCQX on September 21, 2022. However, Aleafia Health has instead been moved to the OTCQB as of September 21, 2022 where its common shares continue to trade.

On May 3, 2022, the TSX approved the application by the Company for an exemption from certain voting requirements relating to the Private Placement and Debenture Amendments on the basis of "financial hardship." As a result, the Company is subject to a remedial delisting review by the TSX which is anticipated to occur in September 2022. It is routine for the TSX to require any issuer utilizing the financial hardship exemption to be the subject of such a review. On September 16, 2022, the TSX announced that it would extend the delisting review period until November 29, 2022. On November 24, 2022, the TSX confirmed that it completed its delisting review and Aleafia Health satisfied the TSX's requirements to remain listed on the TSX.

Volatile Market Price of the Common Shares

The market price of the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of common shares to sell their securities for a profit, or at all. Market price fluctuations in the common shares may be due to the Company's operating results failing to meet expectations of securities analysts (including short-sellers) or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors.

Financial markets have historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies.

Accordingly, the market price of the common shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the common shares may be materially adversely affected.

Obligations as a Public Company

As a public company, Aleafia Health is subject to corporate governance and public disclosure requirements that may increase Aleafia Health's compliance costs and risk of non-compliance, which could adversely impact the price of the common shares.

Dilution

Aleafia Health's articles permit the issuance of an unlimited number of common shares and shareholders will have no pre-emptive rights in connection with such further issuance. Aleafia Health's may issue additional securities in the future, which may dilute a shareholder's holdings in Aleafia Health.

Cash Flow from Operations

Operating cash flow may decline in certain circumstances, many of which are beyond the Company's control. There is no assurance that sufficient revenues will be generated in the near future. Since the Company expects to continue incurring significant working capital investment to grow its revenue, the Company will continue to experience negative cash flow until it reaches a sufficient level of sales with positive gross margins to cover operating expenses. An inability to generate positive cash flow until the Company reaches a sufficient level of sales with positive gross margins to cover operating expenses or raise additional capital on reasonable terms may adversely affect the Company's viability as an operating business.

Additional Financing and Restrictions

The continued development of the Company may require additional financing. Even if its financial resources are sufficient to fund its current operations, there is no guarantee that the Company will be able to achieve its business objectives. The failure to raise additional capital could result in the delay or indefinite postponement of current business objectives or the Company becoming insolvent. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, on terms that are favourable or acceptable to the Company.

In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed in whole or in part, by debt, which may increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing.

Joint Venture Vehicles

The Company currently operates parts of its business through joint ventures with other companies, and it may enter into additional joint ventures and strategic alliances in the future. Joint venture investments may involve risks not otherwise present for investments made solely by the Company, including: control, additional expenditures, conflicting interests and exit strategy, which could have a material adverse effect on the Company, its financial condition and results of operations. In addition, the Company may, in certain circumstances, be liable for the actions of its joint venture partners.

Ability to Achieve or Maintain Profitability

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

Impact of the Illicit Supply of Cannabis

Despite the legalization of medical and adult-use cannabis in Canada, illegal operations remain. Illegal dispensaries and market participants may be able to:

- (i) offer products with higher concentrations of active ingredients that are either expressly prohibited or impracticable to produce under current Canadian regulations;
- (ii) use delivery methods, including certain edibles, concentrates and extract vaporizers, that we are currently prohibited from offering to individuals in Canada;

- (iii) use marketing and branding strategies that are restricted under the *Cannabis Act* and *Cannabis Regulations*; and
- (iv) make claims not permissible under the *Cannabis Act* and other regulatory regimes.

As these illicit market participants do not comply with the regulations governing the medical and adult-use cannabis industry in Canada, their operations may also have significantly lower costs.

As a result of the competition presented by the illicit market for cannabis, any unwillingness by consumers currently utilizing these unlicensed distribution channels to begin purchasing from LPs for any reason or any inability or unwillingness of law enforcement authorities to enforce laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products could:

- (i) result in the perpetuation of the illicit market for cannabis;
- (ii) adversely affect the Company's market share; and
- (iii) adversely impact the public perception of cannabis use and LPs, all of which could have a materially adverse impact on the Company's business, operations and financial condition.

Employee Health and Safety Regulations

The Company's operations are subject to laws and regulations concerning employee health and safety and the Company will incur ongoing costs and obligations related to compliance with such matters. Failure to comply with safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's manufacturing operations. In addition, changes in employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could result in a material adverse effect on the operations of the Company.

ENVIRONMENTAL RISKS

Environmental Regulations and Risks

The Company's operations are subject to environmental regulation federally and in the municipal and provincial jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards. They also set forth limitations on the generation, transportation, storage and disposal of waste. Environmental legislation is evolving in a manner which will require increasingly stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Risks Inherent in an Agricultural Business

The Company will be subject to the general risks inherent in the ownership and operation of the business of planting, growing, harvesting and marketing cannabis, which, as an agricultural product, is subject to the general risks associated with all agricultural products such as disease, insect pests, changes in raw material costs, the risk and uncertainties of planting, growing and harvesting, environmental matters, considerations relating to product quality, grading and branding, changes in laws and other general economic and market conditions.

Weather conditions and climate, which can vary substantially from year to year, may have a significant impact on the size and quality of the harvest of the crops processed and sold by the Company. Such adverse weather patterns could result in more permanent disruptions in the quality and size of the available crop, which could adversely affect the Company's business.

Like other agricultural products, the quality of cannabis grown outdoors is affected by weather and the environment, which can change the quality or size of the harvest. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that it would be less desirable to the Company's customers, which could result in a reduction in revenues. If such an event is also widespread, it could affect the Company's ability to acquire the quantity of products required by customers. In addition, other items can affect the marketability of cannabis grown outdoors, including, among other things, the presence of non-cannabis related material, genetically modified organisms and excess residues of pesticides, fungicides and herbicides.

OTHER RISKS

Competition

To date, Health Canada has issued hundreds of Licences to produce, cultivate and/or sell cannabis. As a result, the Company has significant competition from other companies, some of which have longer operating histories and greater financial resources, operating and marketing experience than the Company. Additionally, a large number of companies appear to be applying for production licences, some of which may:

- (i) have significantly greater financial, technical, marketing and other resources;
- (ii) be able to devote greater resources to the development, promotion, sale and support of their products and services; and
- (iii) have more extensive customer bases and broader customer relationships.

Should the size of the cannabis market increase as projected the demand for products will increase as well, and in order for the Company to be competitive it will need to invest significantly in research and development, marketing, production expansion, new client identification, and client support. If the Company is not successful in attaining sufficient resources to invest in these areas, the Company's ability to compete in the market may be adversely affected, which could materially and adversely affect the Company's business, its financial conditions and operations.

New Industry and Market

The Company's business as a LP represents a relatively new industry and nascent market. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business, a business involving an agricultural product and a regulated consumer product, the Company will need to build brand awareness in the new industry and market through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations, especially against competitors who have already spent some time building their brands. These activities may not promote the Company's brand and products as effectively as intended, or at all.

This new market and industry into which management is entering will have competitive conditions, consumer tastes, patient requirements and unique circumstances, and spending patterns that differ from existing markets. There are no assurances that this new industry and market will exist or grow as estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects this new market and industry may materially and adversely affect the business, financial conditions and results of operations of the Company.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination.

Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention.

Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if the Company is subject to a recall, the reputation of the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention, potential loss of applicable Licences and potential legal fees and other expenses.

Managing Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In order to manage growth and changes in strategy effectively, the Company must

- (i) maintain adequate systems to meet customer demand;
- (ii) expand sales and marketing, distribution capabilities and administrative functions; and
- (iii) attract and retain qualified employees, including in respect of its management team.

While it intends to focus on managing its costs and expenses over the long term, the Company expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities. The Company could also fail to successfully integrate acquired entities into the business of the Company.

Fraudulent or Illegal Activities by Employees, Contractors or Consultants

The Company's employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct that violates:

- (i) government regulations;
- (ii) manufacturing standards;
- (iii) federal and provincial healthcare fraud and abuse laws and regulations; or
- (iv) laws that require the true, complete and accurate reporting of financial information or data.

It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Insurance Coverage

The Company has insurance to protect its assets, operations, directors and employees. While the Company believes the insurance coverage addresses all material risks to which it is exposed and is adequate and customary in the current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed.

In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, the business, results of operations and financial condition could be materially adversely affected.

Litigation

The Company may become party to litigation from time to time in the ordinary course, which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the common shares and require the Company to devote significant resources to such matters. Even if the Company is involved in litigation and wins, litigation may redirect many of the Company's resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brands.

Conflicts of Interest

Certain directors and officers of the Company hold, and may in future hold, interests in other companies involved in the same or similar businesses to the Company and as such may, in certain circumstances, have a conflict of interest, which could be adverse to the Company and, whether the conflict of interest is real or perceived, put the reputation of the Company at risk.

Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the Company's governing corporate law statute which requires a director of a Company who is a party to, or is a director or an officer of, or has some material interest in any person who is a party to, a material contract or proposed material contract with the Company to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under applicable law.

Information Technology Systems and Cyber-Attacks

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

ADDITIONAL INFORMATION

Additional information regarding the Company, including in the Financial Statements and our most recent annual information form dated June 29, 2022 for the year ended March 31, 2022 (the "Annual Information Form"), is available under the Company's SEDAR profile at www.sedar.com.

SUBSEQUENT EVENTS

On June 6, 2023, Red White & Bloom Brands Inc. ("RWB") and Aleafia (the "Company") entered into a Binding Letter Agreement whereby RWB has agreed to acquire Aleafia and its subsidiaries in a business combination transaction (the "Proposed Transaction") to be completed by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario).

Under the terms of the Binding Letter Agreement, each outstanding common share in the capital of Aleafia (each, an "Aleafia Share") will be exchanged for 0.35 of a common share in the capital of the Company (each, an "RWB Share"), subject to customary adjustment (the "Exchange Ratio"). Upon the completion of the Proposed Transaction, existing RWB shareholders are expected to own approximately 76% of the Combined Company resulting from the Proposed Transaction (the "Combined Company") and Aleafia shareholders are expected to own approximately 24% of the Combined Company.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction, at which time additional information will be provided in a subsequent press release.

Summary of the Proposed Transaction

The Proposed Transaction is expected to be completed by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario). Under the terms of the Letter Agreement, RWB will acquire all of the issued and outstanding Aleafia Shares in exchange for RWB Shares on the basis of the Exchange Ratio. Outstanding options and warrants to purchase Aleafia Shares will become exercisable to acquire RWB Shares on the same terms and conditions, on the basis of the Exchange Ratio. Outstanding restricted and deferred share units of Aleafia will be settled upon closing in RWB Shares on the basis of the Exchange Ratio.

The Proposed Transaction will require the approval of: (i) two-thirds of the votes cast by shareholders of Aleafia, and, if required, (ii) a simple majority of the votes cast by minority Aleafia shareholders in accordance with Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”), at a special meeting of Aleafia shareholders expected to take place in the third quarter of 2023 (the “Aleafia Meeting”); (b) debenture holders of the requisite percentage of the principal amount of each series of Aleafia Convertible Debentures (“Debentureholder Approval”); and (c) if required, RWB shareholders at a special meeting of RWB shareholders expected to take place in the third quarter of 2023 (the “RWB Meeting”).

Completion of the Proposed Transaction will be subject to customary closing conditions and receipt of necessary court and regulatory approvals, including stock exchange approval. Subject to receipt of all necessary approvals, the Proposed Transaction is expected to close by on October 31, 2023 (the “Effective Time”). October 31, 2023 (the “Effective Time”).

A copy of the Letter Agreement will be filed on Aleafia and RWB’s SEDAR profiles at www.sedar.com. Prior to entering into a definitive arrangement agreement, all members of the board of directors of Aleafia, all officers of Aleafia and certain other security holders of Aleafia, will enter into customary support and voting agreements.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction on or before July 31, 2023. The Letter Agreement contains, and the arrangement agreement will continue to contain, standard non-solicitation and superior proposal provisions and a break fee of C\$2 million. The Letter Agreement includes, and arrangement agreement will continue to include other provisions such as conditions to closing the Proposed Transaction, and representations and warranties and covenants customary for arrangement agreements. Further details with respect to the Proposed Transaction will be included in the arrangement agreement and in an information circular to be mailed to Aleafia shareholders in connection with the Aleafia Meeting and to holders of Aleafia Convertible Debentures, as applicable, and to RWB shareholders in connection with the RWB meeting (if required). Once available, copies of the arrangement agreement and information circular will be filed on each of Aleafia and RWB’s SEDAR profiles at www.sedar.com, as applicable.

Concurrent with entering into the Binding Letter Agreement, the Aleafia Senior Secured Loan Agreement, made as of December 24, 2021, between Aleafia and certain subsidiaries as borrowers, with other subsidiaries as guarantors, and NE SPC II LP as lender, and subsequently amended on March 28, 2022, June 17, 2022, April 26, 2023, May 15, 2023, and May 31, 2023, was assigned by NE SPC II LP to RWB.

On June 6, 2023, concurrent with the execution of the Binding Letter Agreement Aleafia was advanced \$1.5 million.

As part of the Proposed Transaction, the Company expects to settle the 8.5% Series A Secured Convertible Debentures due June 30, 2024, the 8.5% Series B Secured Convertible Debentures due June 30, 2026, and the 8.5% Series C Secured Convertible Debentures due June 30, 2028 (collectively, the “Aleafia Convertible Debentures”) for an aggregate of \$6,000 at the Effective Time (subject to Debentureholder approval). The funding for the settlement of the Aleafia Convertible Debentures, along with the assignment of the Aleafia Senior Secured Loan Agreement, is intended to be funded through a new secured \$30,000 credit facility (the “New Credit Facility”). The New Credit Facility will also serve to support working capital requirements, growth initiatives, and the RWB Credit Facility, a \$17,500 credit facility being negotiated by RWB and Aleafia. The RWB Credit Facility will facilitate cash settlement, working capital requirements, and promissory note repayment, and will include covenants and reporting requirements.

The specific terms of the New Credit Facility and the RWB Credit Facility will be confirmed upon the execution of final funding agreements and the completion of the Proposed Transaction. These actions aim to enhance liquidity and improve financial flexibility by supporting working capital requirements and funding growth initiatives. The negotiations for the RWB Credit Facility are being conducted in accordance with customary practices and are expected to be finalized within 30 days.

As at the consolidated financial statements’ balance sheet date of March 31, 2023, the Proposed Transaction and the related subsequent events had not yet been completed. Consequently, the consolidated financial statements do not reflect the impact of the Proposed Transaction. The Company will reassess and determine the appropriate accounting treatment once the Proposed Transaction is finalized and all necessary approvals are obtained.

This is Exhibit "E" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Simeon H.", is positioned above a horizontal line.

Commissioner for Taking Affidavits



Profile Report

ALEAFIA HEALTH INC. as of July 24, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	ALEAFIA HEALTH INC.
Ontario Corporation Number (OCN)	1994678
Governing Jurisdiction	Canada - Ontario
Former Jurisdiction	Canada - British Columbia
Status	Active
Date of Incorporation/Amalgamation	February 07, 2007
Date of Continuance	June 27, 2018
Registered or Head Office Address	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors 3
Maximum Number of Directors 10

Name LU GALASSO
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began January 31, 2021

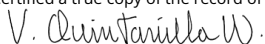
Name DAVID PASIEKA
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began August 30, 2021

Name JON PEREIRA
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began July 28, 2021

Name CARLO SISTILLI
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began January 31, 2021

Name IAN TROOP
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began June 28, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

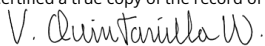
Active Officer(s)

Name MATT SALE
Position Chief Financial Officer
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began June 21, 2021

Name PATRICIA SYMMES-RIZAKOS
Position Chief Executive Officer
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began February 07, 2022

Name PATRICIA SYMMES-RIZAKOS
Position Other (untitled)
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began August 27, 2020

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Director/Registrar

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Inactive Administrators Reported on July 24, 2023 CIA Filing

Inactive Officer(s)

Name	LISA SILVER-SLAYTER
Position	Secretary
Address for Service	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began	October 21, 2022
Date Ceased	May 12, 2023

Name	MICHAEL VERBORA
Position	Other (untitled)
Address for Service	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began	April 23, 2018
Date Ceased	May 03, 2023

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V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Corporate Name History

Name

ALEAFIA HEALTH INC.

Effective Date

February 07, 2007

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V. Quintanilla W.

Director/Registrar

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Active Business Names

Name	ALEAFIA TOTAL HEALTH NETWORK
Business Identification Number (BIN)	281128314
Registration Date	October 26, 2018
Expiry Date	October 25, 2023

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V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

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V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: PATRICIA SYMMES-RIZAKOS	July 24, 2023
CIA - Notice of Change PAF: LISA SILVER-SLAYTER	February 22, 2023
CIA - Notice of Change PAF: Lisa SILVER-SLAYTER	November 23, 2022
CIA - Notice of Change PAF: Lisa SILVER SLAYTER	May 26, 2022
CIA - Notice of Change PAF: Lisa SILVER SLAYTER	March 15, 2022
CIA - Notice of Change PAF: GREG ROSSI - OFFICER	September 22, 2021
CIA - Notice of Change PAF: GREG ROSSI - OFFICER	August 06, 2021
CIA - Notice of Change PAF: GEOFF COWPER-SMITH - OFFICER	July 22, 2021
CIA - Notice of Change PAF: GEOFF COWPER-SMITH - OTHER	February 12, 2021
CIA - Notice of Change PAF: JASON SALTZMAN - OTHER	December 22, 2020
CIA - Notice of Change PAF: JASON SALTZMAN - OTHER	July 05, 2019
CIA - Notice of Change PAF: JASON SALTZMAN - OTHER	May 31, 2019
CIA - Notice of Change PAF: STEPHEN FRANCHETTO - OTHER	March 18, 2019

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V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

CIA - Initial Return
PAF: JASON SALTZMAN - OTHER

October 26, 2018

BCA - Articles of Continuance

June 27, 2018

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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This is Exhibit "F" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits




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Federal Corporation Information - 1060683-9

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Note

This information is available to the public in accordance with legislation (see [Public disclosure of corporate information](#)).

[Order copies of corporate documents](#)

Corporation Number

1060683-9

Business Number (BN)

817490154RC0002

Corporate Name

EMBLEM CORP.


Status

Active

Governing Legislation

Canada Business Corporations Act - 2019-03-14

[Order a Corporate Profile](#) [[View PDF Sample](#)] [[View HTML Sample](#)].

[Find existing extra-provincial registrations of this corporation on Canada's Business registries](#) 

Registered Office Address

85 Basaltic Road
Vaughan ON L4K 1G4

Canada

i Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1

Maximum 10

Patricia Symmes-Rizakos
85 Basaltic Road
Concord ON L4K 1G4
Canada

Matthew Sale
85 Basaltic Road
Concord ON L4K 1G4
Canada

i Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)

03-14

Date of Last Annual Meeting

Not available

Annual Filing Period (MM-DD)

03-14 to 05-13

Type of Corporation

Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings

2023 - Filed

2022 - Filed

2021 - Filed

Corporate History

Corporate Name History

2019-03-14 to Present

EMBLEM CORP.

Certificates and Filings

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Federal Corporation Information - 1001073-1

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Note

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[Order copies of corporate documents](#)

Corporation Number

1001073-1

Business Number (BN)

817490154RC0001

Corporate Name

EMBLEM CORP.


Status

Inactive - Amalgamated into [EMBLEM CORP.](#)
on 2019-03-14

Governing Legislation

Canada Business Corporations Act - 2016-12-05

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[Find existing extra-provincial registrations of this corporation on Canada's Business registries.](#) 

Registered Office Address

500-36 York Mills Road
North York ON M2P 2E9
Canada

i Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1

Maximum 10

Ferdinand Benjamin
8810 Jane Street, 2nd Floor
Vaughan ON L4K 2M9
Canada

Geoffrey Benic
8810 Jane Street, 2nd Floor
Vaughan ON L4K 2M9
Canada

i Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)

12-05

Date of Last Annual Meeting

2018-11-06

Annual Filing Period (MM-DD)

12-05 to 02-03

Type of Corporation

Distributing corporation

Status of Annual Filings

2018 - Filed

2017 - Filed

Corporate History

Corporate Name History

2016-12-05 to Present

EMBLEM CORP.

Certificates and Filings

Certificate of Continuance

2016-12-05

Previous jurisdiction: British Columbia

Certificate of Amendment *

2016-12-21

Amendment details: Province or Territory of Registered Office

Certificate of Amendment *

2019-03-11

Amendment details: Other

Certificate of Arrangement

2019-03-14

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. For more information, [contact Corporations Canada](#).

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Date Modified:

2023-07-06



Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

BC Company Summary

For
EMBLEM CORP.

Date and Time of Search: July 13, 2023 05:00 PM Pacific Time

Currency Date: September 20, 2022

HISTORICAL - Continuation Out on December 07, 2016

Incorporation Number: BC0817546

Name of Company: EMBLEM CORP.

Business Number: 817490154 BC0001

Recognition Date and Time: Incorporated on February 25, 2008 08:14 PM Pacific Time

In Liquidation: No

Last Annual Report Filed: February 25, 2016

Receiver: No

COMPANY NAME INFORMATION

Previous Company Name

Date of Company Name Change

SABER CAPITAL CORP.

December 05, 2016

KRISTINA CAPITAL CORP.

January 19, 2011

CONTINUED OUT INFORMATION

Jurisdiction: FEDERAL

Name Company Continued Out As: EMBLEM CORP.

Continuation Out Date: December 05, 2016

REGISTERED OFFICE INFORMATION

Mailing Address:

1500 ROYAL CENTRE
1055 WEST GEORGIA STREET
PO BOX 11117
VANCOUVER BC V6E 4N7
CANADA

Delivery Address:

1500 ROYAL CENTRE
1055 WEST GEORGIA STREET
PO BOX 11117
VANCOUVER BC V6E 4N7
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:

1500 ROYAL CENTRE
1055 WEST GEORGIA STREET
PO BOX 11117
VANCOUVER BC V6E 4N7
CANADA

Delivery Address:

1500 ROYAL CENTRE
1055 WEST GEORGIA STREET
PO BOX 11117
VANCOUVER BC V6E 4N7
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:

Doherty, David J.

Mailing Address:

67 EAST 5TH AVENUE
VANCOUVER BC V5T 1G7
CANADA

Delivery Address:

67 EAST 5TH AVENUE
VANCOUVER BC V5T 1G7
CANADA

Last Name, First Name, Middle Name:

Taggart, Frank

Mailing Address:

EDIFICIO COSTA PACIFICA
TORRE 400, APT 26A
PANAMA CITY
PANAMA

Delivery Address:

EDIFICIO COSTA PACIFICA
TORRE 400, APT 26A
PANAMA CITY
PANAMA

Last Name, First Name, Middle Name:

Taylor, Craig

Mailing Address:

205 - 1836 WEST 5TH AVENUE
VANCOUVER BC V6J 1P3
CANADA

Delivery Address:

3003 - 1199 MARINASIDE CRESCENT
VANCOUVER BC V6J 1P3
CANADA

OFFICER INFORMATION AS AT February 25, 2016

Last Name, First Name, Middle Name:

Doherty, Dave J.

Office(s) Held: (CEO, CFO, Other Office(s), President)

Mailing Address:

3355 MORGAN CREEK WAY
SUITE 43
SURREY BC V3S 0K9
CANADA

Delivery Address:

3355 MORGAN CREEK WAY
SUITE 43
SURREY BC V3S 0K9
CANADA

This is Exhibit "G" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits




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Federal Corporation Information - 986205-6

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Note

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Corporation Number

986205-6

Business Number (BN)

850708975RC0002

Corporate Name

EMBLEM CANNABIS CORPORATION


Status

Active

Governing Legislation

Canada Business Corporations Act - 2016-12-06

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[Find existing extra-provincial registrations of this corporation on Canada's Business registries](#) 

Registered Office Address

85 Basaltic Road
Vaughan ON L4K 1G4

Canada

i Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1

Maximum 10

Matthew Sale
85 Basaltic Road
Concord ON L4K 1G4
Canada

Patricia Symmes-Rizakos
85 Basaltic Road
Concord ON L4K 1G4
Canada

i Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)

12-06

Date of Last Annual Meeting

Not available

Annual Filing Period (MM-DD)

12-06 to 02-04

Type of Corporation

Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings

2023 - Not due

2022 - Overdue

2021 - Filed

Corporate History

Corporate Name History

2016-12-06 to Present

EMBLEM CANNABIS CORPORATION

Certificates and Filings

Certificate of Amalgamation

2016-12-06

Corporations amalgamated:

- [8617384 EMBLEM CANNABIS CORPORATION](#)
- [9845992 9845992 CANADA LIMITED](#)
- [8682984 KINDCANN REALTY LIMITED](#)
- [9526820 9526820 CANADA INC.](#)

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Date Modified:

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Federal Corporation Information - 861738-4

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Note

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Corporation Number

861738-4

Business Number (BN)

850708975RC0001

Corporate Name

EMBLEM CANNABIS CORPORATION


Status

Inactive - Amalgamated into [EMBLEM CANNABIS CORPORATION](#)
on 2016-12-06

Governing Legislation

Canada Business Corporations Act - 2013-08-26

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Registered Office Address

315 Eglinton Avenue West, Suite 204
Toronto ON M5N 1A1
Canada

i Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1

Maximum 10

Harvey Shapiro
1366 Yonge Street, Suite 207
Toronto ON M4T 3A7
Canada

Maxim Zavet
1111 Avenue Road, Suite 206
TORONTO ON M5N 3B2
Canada

i Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)

08-26

Date of Last Annual Meeting

2016-06-30

Annual Filing Period (MM-DD)

08-26 to 10-25

Type of Corporation

Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings

2016 - Filed

2015 - Filed

2014 - Filed

Corporate History

Corporate Name History

2013-08-26 to 2014-11-06

8617384 Canada Inc.

2014-11-06 to 2016-02-03

KINDCANN LIMITED

2016-02-03 to Present

EMBLEM CANNABIS CORPORATION

Certificates and Filings**Certificate of Incorporation**

2013-08-26

Certificate of Amendment *

2014-11-06

Amendment details: Corporate name

Certificate of Amendment *

2016-02-03

Amendment details: Corporate name

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. For more information, [contact Corporations Canada](#).

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Federal Corporation Information - 984599-2

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Note

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Corporation Number

984599-2

Business Number (BN)

828619197RC0001

Corporate Name

9845992 CANADA LIMITED


Status

Inactive - Amalgamated into [EMBLEM CANNABIS CORPORATION](#)
on 2016-12-06

Governing Legislation

Canada Business Corporations Act - 2016-07-27

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[Find existing extra-provincial registrations of this corporation on Canada's Business registries](#) 

Registered Office Address

1366 Yonge Street, Suite 207
Toronto ON M4T 3A7
Canada

i Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1

Maximum 10

Maxim Zavet
1111 Avenue Road, Suite 206
Toronto ON M5N 3B2
Canada

Harvey A. Shapiro
1366 Yonge Street, Suite 207
Toronto ON M4T 3A7
Canada

i Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)

07-27

Date of Last Annual Meeting

Not available

Annual Filing Period (MM-DD)

07-27 to 09-25

Type of Corporation

Not available

Status of Annual Filings

Corporate History

Corporate Name History

2016-07-27 to Present

9845992 CANADA LIMITED

Certificates and Filings

Certificate of Continuance

2016-07-27

Previous jurisdiction: Ontario

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Federal Corporation Information - 868298-4

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Note

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Corporation Number

868298-4

Business Number (BN)

840225379RC0001

Corporate Name

KINDCANN REALTY LIMITED


Status

Inactive - Amalgamated into [EMBLEM CANNABIS CORPORATION](#)
on 2016-12-06

Governing Legislation

Canada Business Corporations Act - 2013-11-04

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[Find existing extra-provincial registrations of this corporation on Canada's Business registries](#) 

Registered Office Address

315 Eglinton Avenue West Suite 204
Toronto ON M5N 1A1
Canada

i Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1

Maximum 10

Harvey Shapiro
1366 Yonge Street, Suite 207
Toronto ON M4T 3A7
Canada

Maxim Zavet
1111 Avenue Road, Suite 206
Toronto ON M5N 3B2
Canada

i Note

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Annual Filings

Anniversary Date (MM-DD)

11-04

Date of Last Annual Meeting

Not available

Annual Filing Period (MM-DD)

11-04 to 01-03

Type of Corporation

Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings

2015 - Filed

2014 - Filed

Corporate History

Corporate Name History

2013-11-04 to 2014-11-06

8682984 Canada Inc.

2014-11-06 to Present

KINDCANN REALTY LIMITED

Certificates and Filings**Certificate of Incorporation**

2013-11-04

Certificate of Amendment *

2014-11-06

Amendment details: Corporate name

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. For more information, [contact Corporations Canada](#).

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Federal Corporation Information - 952682-0

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Note

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Corporation Number

952682-0

Business Number (BN)

833680192RC0001

Corporate Name

9526820 CANADA INC.


Status

Inactive - Amalgamated into [EMBLEM CANNABIS CORPORATION](#)
on 2016-12-06

Governing Legislation

Canada Business Corporations Act - 2016-12-06

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[Find existing extra-provincial registrations of this corporation on Canada's Business registries](#) 

Registered Office Address

1366 YONGE STREET
SUITE 207
TORONTO ON M4T 3A7
Canada

i Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1

Maximum 10

Harvey Shapiro
177 Dunvegan Road
Toronto ON M5P 2P1
Canada

Maxim Zavet
191 Montclair Avenue
Toronto ON M5P 1R1
Canada

i Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)

12-06

Date of Last Annual Meeting

Not available

Annual Filing Period (MM-DD)

12-06 to 02-04

Type of Corporation

Not available

Status of Annual Filings

Corporate History

Corporate Name History

2016-12-06 to Present

9526820 CANADA INC.

Certificates and Filings

Order copies of corporate documents

Start New Search

Date Modified:

2023-07-06

This is Exhibit "H" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits



Licence No. - N° de licence
LIC-0CNINOV9QK-2023

LICENCE

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

LICENCE

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

Licence Holder / Titulaire de la licence :
Emblem Cannabis Corporation

Licensed Site / Lieu autorisé :
20 WOODSLEE AVENUE
PARIS, ON, CANADA, N3L 3N6

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses.

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licence suivantes.

Standard Cultivation

Culture standard

Activities	Activités
<ul style="list-style-type: none"> To possess cannabis To obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis For the purposes of testing, to obtain cannabis by altering its chemical or physical properties by any means To sell cannabis in accordance with subsection 11(5) of the Cannabis Regulations 	<ul style="list-style-type: none"> Avoir du cannabis en sa possession Obtenir du cannabis séché, du cannabis frais, des plantes de cannabis ou des graines provenant de telles plantes par la culture, la multiplication et la récolte de cannabis Afin d'effectuer des essais sur du cannabis, obtenir du cannabis par l'altération, par tout moyen, de ses propriétés physiques ou chimiques Vendre du cannabis en vertu du paragraphe 11(5) du Règlement sur le cannabis

Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled " <i>Mandatory cannabis testing for pesticide active ingredients - Requirements</i> ".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé « <i>Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences</i> ».

Standard Processing

Transformation standard

Activities	Activités
<ul style="list-style-type: none"> To possess cannabis To produce cannabis, other than obtain it by cultivating, propagating or harvesting it To sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations 	<ul style="list-style-type: none"> Avoir du cannabis en sa possession Produire du cannabis, sauf en l'obtenant par la culture, la multiplication et la récolte Vendre du cannabis en vertu du paragraphe 17(5) du Règlement sur le cannabis

Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled " <i>Mandatory cannabis testing for pesticide active ingredients - Requirements</i> ".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé « <i>Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences</i> ».
The only cannabis products that the licence holder may sell or distribute to (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis topicals; cannabis extracts; and edible cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut vendre ou distribuer (i) à un titulaire d'une licence de vente et (ii) à une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; cannabis frais; cannabis pour usage topique; extrait de cannabis; et cannabis comestible.

Acting Director, Licencing and Security, Controlled Substances and Cannabis Branch

Directeur par intérim, Licences et sécurité, Direction générale des substances contrôlées et du cannabis



Conditions	Conditions
The only cannabis products that the licence holder may send or deliver to the purchaser at the request of (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis topicals; cannabis extracts; and edible cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut expédier ou livrer à l'acheteur à la demande (i) d'un titulaire d'une licence de vente et (ii) d'une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; cannabis frais; cannabis pour usage topique; extrait de cannabis; et cannabis comestible.

Sale for Medical Purposes

Vente à des fins médicales

Activities	Activités
<ul style="list-style-type: none"> To possess cannabis To sell cannabis products in accordance with section 27 and Part 14, Division 1 of the Cannabis Regulations 	<ul style="list-style-type: none"> Avoir du cannabis en sa possession Vendre des produits du cannabis en vertu de l'article 27 et la section 1 de la partie 14 du Règlement sur le cannabis

Conditions	Conditions
N/A	nd

Indoor Area(s) / Zone(s) intérieure(s)

The possession of cannabis and the other activities mentioned above are authorized in the following building(s) / La possession de cannabis et les autre activités mentionnées ci-haut sont autorisées dans les bâtiment(s) suivant(s) :

Building 1
Building 2

Effective date of the licence:

This licence is effective as of **January 19, 2023**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **19 janvier 2023**

Expiry date of the licence:

This licence expires on **January 20, 2028**

Date d'expiration de la licence:

La présente licence expire le **20 janvier 2028**

Acting Director, Licencing and Security, Controlled Substances and Cannabis Branch

Directeur par intérim, Licences et sécurité, Direction générale des substances contrôlées et du cannabis



Licence No. - N° de licence
LIC-28X6T94W2Y-2021-1

LICENCE

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

LICENCE

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

Licence Holder / Titulaire de la licence :
Emblem Cannabis Corporation

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses:

- Research

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licence suivantes :

- Recherche

Site and authorized activities

Site et activités autorisées

Site	Activities	Activités
20 WOODSLEE AVENUE PARIS, ON, CANADA, N3L 3N6	<ul style="list-style-type: none"> • to possess cannabis for the purpose of research • to produce cannabis for the purpose of research 	<ul style="list-style-type: none"> • aux fins de recherche, avoir du cannabis en sa possession • aux fins de recherche, produire du cannabis

Conditions

Conditions

This licence is restricted, in addition to all other applicable conditions, in that all research conducted under this licence is based on the Research Protocol "Sensory Assessment Studies of Cannabis Research Products" provided to Health Canada on November 5, 2020.	Cette licence est restreinte, en plus des autres conditions qui s'appliquent, du fait que toute la recherche effectuée sous cette licence est basée sur le protocole de recherche «Sensory Assessment Studies of Cannabis Research Products», fourni à Santé Canada le 5 novembre 2020.
The maximum quantity of cannabis to be stored for the purpose of research at the address indicated on this licence is: < 1 kg of dried cannabis (or equivalent) at any given time.	La quantité maximale de cannabis pour des fins de recherche qui peut être entreposé au lieu à l'adresse indiquée sur cette licence, pour les protocoles de recherche mentionnés ci-dessus, est de < 1 kg de cannabis en tout temps.
The researcher may only possess and produce cannabis if such possession and production is to use in accordance with the research protocol submitted.	Le chercheur peut seulement posséder et produire du cannabis que si cette possession et cette production sont pour une utilisation en conformité au protocole de recherche soumis.
With respect to research involving the administration or distribution of cannabis to human research subjects for assessments of taste, sight, smell or touch of cannabis, in addition to any other conditions listed in this licence, the researcher must meet the requirements set out in the document entitled <i>Appendix: Additional conditions for licensed researchers administering or distributing cannabis to human research subjects</i> .	En ce qui a trait aux recherches qui nécessitent l'administration ou la distribution de cannabis à des sujets de recherche humains à fins d'évaluation de goût, d'apparence, d'odeur ou de propriétés tactiles du cannabis, en plus de tout autres conditions indiquées sur la licence, le chercheur doit rencontrer les exigences énoncées dans le document intitulé <i>Annexe: Conditions additionnelles pour des titulaires de licence de recherche qui administrent ou distribuent du cannabis à des sujets de recherche humains</i> .
All record keeping requirements pertaining to this research licence must be met in accordance with Part 11 of the <i>Cannabis Regulations</i> .	Toutes les exigences relatives à la tenue des dossiers de cette licence de recherche doivent être satisfaites conformément à la partie 11 du <i>Règlement sur le cannabis</i> .
At the end of the research, all cannabis must be destroyed in accordance with s.43 of the <i>Cannabis Regulations</i> unless distributed in a manner authorized by the <i>Cannabis Regulations</i> .	À la fin de la recherche, tout cannabis doit être détruit en conformité avec l'article 43 du <i>Règlement sur le cannabis</i> à moins d'être distribué d'une manière autorisée par le <i>Règlement sur le cannabis</i> .

Effective date of the licence:

This licence is effective as of **April 29, 2021**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **29 avril 2021**

Expiry date of the licence:

This licence expires on **April 7, 2026**

Date d'expiration de la licence:

La présente licence expire le **7 avril 2026**



Licence No. - N° de licence
LIC-CTHF6SVA0C-2021-2

LICENCE

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

LICENCE

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

Licence Holder / Titulaire de la licence :
Emblem Cannabis Corporation

Licensed Site / Lieu autorisé :
85 BASALTIC ROAD
UNIT A
VAUGHAN, ON, CANADA, L4K 1G4

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses.

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licence suivantes.

Standard Processing

Transformation standard

Activities	Activités
<ul style="list-style-type: none"> To possess cannabis To produce cannabis, other than obtain it by cultivating, propagating or harvesting it To sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations 	<ul style="list-style-type: none"> Avoir du cannabis en sa possession Produire du cannabis, sauf en l'obtenant par la culture, la multiplication et la récolte Vendre du cannabis en vertu du paragraphe 17(5) du Règlement sur le cannabis

Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled " <i>Mandatory cannabis testing for pesticide active ingredients - Requirements</i> ".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé « <i>Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences</i> ».
The only cannabis products that the licence holder may sell or distribute to (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; and fresh cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut vendre ou distribuer (i) à un titulaire d'une licence de vente et (ii) à une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; et cannabis frais.
The only cannabis products that the licence holder may send or deliver to the purchaser at the request of (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; and fresh cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut expédier ou livrer à l'acheteur à la demande (i) d'un titulaire d'une licence de vente et (ii) d'une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; et cannabis frais.

Sale for Medical Purposes

Vente à des fins médicales

Activities	Activités
<ul style="list-style-type: none"> To possess cannabis To sell cannabis products in accordance with section 27 and Part 14, Division 1 of the Cannabis Regulations 	<ul style="list-style-type: none"> Avoir du cannabis en sa possession Vendre des produits du cannabis en vertu de l'article 27 et la section 1 de la partie 14 du Règlement sur le cannabis

Conditions	Conditions
N/A	nd

Indoor Area(s) / Zone(s) intérieure(s)

The possession of cannabis and the other activities mentioned above are authorized in the following building(s) / La possession de cannabis et les autres activités mentionnées ci-haut sont autorisées dans les bâtiment(s) suivant(s) :

Distribution center

Acting Director, Licencing and Security, Controlled Substances and Cannabis Branch

Directeur par intérim, Licences et sécurité, Direction générale des substances contrôlées et du cannabis



Effective date of the licence:

This licence is effective as of **June 10, 2022**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **10 juin 2022**

Expiry date of the licence:

This licence expires on **February 12, 2024**

Date d'expiration de la licence:

La présente licence expire le **12 février 2024**

Acting Director, Licencing and Security, Controlled Substances and Cannabis Branch
Directeur par intérim, Licences et sécurité, Direction générale des substances contrôlées et du cannabis

This is Exhibit "I" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan".

Commissioner for Taking Affidavits



Profile Report

EMBLEM REALTY LTD. as of July 13, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	EMBLEM REALTY LTD.
Ontario Corporation Number (OCN)	2580295
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	June 01, 2017
Registered or Head Office Address	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name GEOFFREY BENIC
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began March 14, 2019

Name GREG ROSSI
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began June 10, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Officer(s)

Name GEOFFREY BENIC
Position President
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began March 14, 2019

Name GREG ROSSI
Position Secretary
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began June 10, 2021

Name GREG ROSSI
Position Treasurer
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began June 10, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Corporate Name History

Name

EMBLEM REALTY LTD.

Effective Date

June 01, 2017

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: GREG ROSSI - DIRECTOR	June 22, 2021
Annual Return - 2019 PAF: BENJAMIN FERDINAND - OFFICER	September 20, 2020
Annual Return - 2019 PAF: MARGARET LAI - OFFICER	July 07, 2019
Annual Return - 2018 PAF: MARGARET LAI - OFFICER	July 07, 2019
CIA - Notice of Change PAF: STEPHEN FRANCHETTO - OTHER	March 18, 2019
Annual Return - 2018 PAF: ALEXANDER STOJANOVIC - DIRECTOR	March 12, 2019
CIA - Initial Return PAF: ALEXANDER STOJANOVIC - DIRECTOR	December 20, 2018
Annual Return - 2017 PAF: ALEX STOJANOVIC - OFFICER	December 09, 2018
BCA - Articles of Incorporation	June 01, 2017

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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This is Exhibit "J" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is fluid and cursive, with a large initial 'S' and a long, sweeping tail.

Commissioner for Taking Affidavits



Profile Report

GROWWISE HEALTH LIMITED as of July 13, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	GROWWISE HEALTH LIMITED
Ontario Corporation Number (OCN)	2458362
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	March 18, 2015
Registered or Head Office Address	First Canadian Place 100 King Street West, Suite 1600, Toronto, Ontario, Canada, M5X 1G5

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

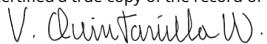
Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name GREG ROSSI
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began June 10, 2021

Name PATRICIA SYMMES-RIZAKOS
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began February 07, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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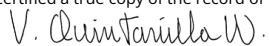
Active Officer(s)

Name GREG ROSSI
Position Secretary
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began June 10, 2021

Name GREG ROSSI
Position Treasurer
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began June 10, 2021

Name PATRICIA SYMMES-RIZAKOS
Position President
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began February 07, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Corporate Name History

Name

GROWWISE HEALTH LIMITED

Effective Date

March 18, 2015

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Business Names

Name	ROSEHILL MEDICAL GROUP
Business Identification Number (BIN)	290023597
Registration Date	January 07, 2019
Expiry Date	January 06, 2024

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: Lisa SILVER SLAYTOR	March 09, 2022
CIA - Notice of Change PAF: GREG ROSSI - DIRECTOR	June 22, 2021
Annual Return - 2019 PAF: BENJAMIN FERDINAND - OFFICER	September 20, 2020
Annual Return - 2018 PAF: MARGARET LAI - OFFICER	July 07, 2019
Annual Return - 2019 PAF: MARGARET LAI - OFFICER	July 07, 2019
Annual Return - 2018 PAF: MARGARET LAI - OFFICER	July 07, 2019
CIA - Notice of Change PAF: STEPHEN FRANCHETTO - OTHER	March 18, 2019
Annual Return - 2018 PAF: ALEXANDER STOJANOVIC - DIRECTOR	March 11, 2019
Annual Return - 2017 PAF: ALEXANDER STOJANOVIC - DIRECTOR	December 20, 2018
Annual Return - 2017 PAF: MARGARET LAI - OFFICER	December 09, 2018
Annual Return - 2016 PAF: ALEX STOJANOVIC - DIRECTOR	June 17, 2018
CIA - Notice of Change PAF: HARVEY A. SHAPIRO - DIRECTOR	March 23, 2018
Annual Return - 2016 PAF: JOHN LAURIE - DIRECTOR	July 09, 2017

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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CIA - Notice of Change PAF: JEFF FINEBERG - OTHER	April 25, 2017
Annual Return - 2015 PAF: HARVEY SHAPIRO - DIRECTOR	January 29, 2017
CIA - Notice of Change PAF: DANIEL SAPERIA - DIRECTOR	January 14, 2016
BCA - Articles of Incorporation	March 18, 2015

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

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V. Quintanilla W.

Director/Registrar

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This is Exhibit “K” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits



Profile Report

ALEAFIA FARMS INC. as of July 13, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	ALEAFIA FARMS INC.
Ontario Corporation Number (OCN)	755064
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation/Amalgamation	March 30, 1988
Date of revival	March 08, 1999
Registered or Head Office Address	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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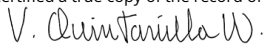
Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name MATTHEW SALE
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began April 26, 2022

Name PATRICIA SYMMES-RIZAKOS
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began February 07, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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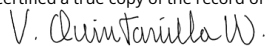
Active Officer(s)

Name	MATTHEW SALE
Position	Secretary
Address for Service	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began	April 26, 2022

Name	MATTHEW SALE
Position	Treasurer
Address for Service	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began	April 26, 2022

Name	PATRICIA SYMMES-RIZAKOS
Position	President
Address for Service	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began	February 07, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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Corporate Name History

Name	ALEAFIA FARMS INC.
Effective Date	February 13, 2018
Previous Name	755064 ONTARIO INC
Effective Date	Refer to Corporate Records

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

Name	AERO FARMS CANADA
Business Identification Number (BIN)	230579435
Status	Inactive - Expired
Registration Date	June 06, 2013
Expired Date	June 05, 2018

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: Lisa SILVER SLAYTER	May 27, 2022
CIA - Notice of Change PAF: GREG ROSSI - OFFICER	June 22, 2021
Annual Return - 2019 PAF: BENJAMIN FERDINAND - OFFICER	September 20, 2020
CIA - Notice of Change PAF: BENJAMIN FERDINAND - DIRECTOR	November 06, 2019
CIA - Notice of Change PAF: BENJAMIN FERDINAND - OFFICER	June 05, 2019
Annual Return - 2017 PAF: BENJAMIN FERDINAND - DIRECTOR	March 17, 2019
Annual Return - 2017 PAF: BENJAMIN FERDINAND - DIRECTOR	March 17, 2019
CIA - Notice of Change PAF: SHAWN BLUNDELL - OTHER	August 30, 2018
CIA - Notice of Change PAF: SHAWN BLUNDELL - OTHER	May 03, 2018
CIA - Notice of Change PAF: SHAWN BLUNDELL - OTHER	April 30, 2018
BCA - Articles of Amendment	February 13, 2018
CIA - Notice of Change PAF: SHAWN BLUNDELL - OTHER	February 06, 2018
BCA - Articles of Amendment	May 15, 2014
CIA - Notice of Change	July 29, 2013

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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PAF: FRANK MACDONALD - DIRECTOR

BCA - Articles of Amendment	July 17, 2013
Annual Return - 2006 PAF: FRANK MACDONALD - DIRECTOR	December 22, 2007
Annual Return - 2007 PAF: FRANK MACDONALD - DIRECTOR	May 26, 2007
Annual Return - 2005 PAF: FRANK MACDONALD - DIRECTOR	June 03, 2006
Annual Return - 2004 PAF: FRANK MACDONALD - DIRECTOR	March 01, 2005
Annual Return - 2003 PAF: FRANK MACDONALD - DIRECTOR	February 26, 2005
Annual Return - 2002 PAF: FRANK MACDONALD - DIRECTOR	February 26, 2005
Annual Return - 2001 PAF: FRANK MACDONALD - DIRECTOR	February 26, 2005
Other - SPECIAL NOTICE 3 PAF: FRANK MACDONALD - DIRECTOR	June 04, 1999
BCA - Articles of Revival	March 08, 1999
BCA - Cancelled by CB 241(4)	November 12, 1994
Other - SN DEFAULT (ORIG NOTICE)	April 16, 1994
CB - Update (461a)	February 09, 1994
CPCV - Corporate Conversion ADD	June 27, 1992

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V. Quintanilla W.

Director/Registrar

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This is Exhibit “L” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits



Licence No. - N° de licence
LIC-GYAJNCME6L-2020-1

LICENCE

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

LICENCE

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

Licence Holder / Titulaire de la licence :
Aleafia Farms Inc.

Licensed Site / Lieu autorisé :
2540 REGIONAL ROAD 19
BLACKSTOCK, ON, CANADA, L0B 1B0

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses.

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licence suivantes.

Standard Cultivation

Culture standard

Activities	Activités
<ul style="list-style-type: none"> To possess cannabis To obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis For the purposes of testing, to obtain cannabis by altering its chemical or physical properties by any means To sell cannabis in accordance with subsection 11(5) of the Cannabis Regulations 	<ul style="list-style-type: none"> Avoir du cannabis en sa possession Obtenir du cannabis séché, du cannabis frais, des plantes de cannabis ou des graines provenant de telles plantes par la culture, la multiplication et la récolte de cannabis Afin d'effectuer des essais sur du cannabis, obtenir du cannabis par l'altération, par tout moyen, de ses propriétés physiques ou chimiques Vendre du cannabis en vertu du paragraphe 11(5) du Règlement sur le cannabis
Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled " <i>Mandatory cannabis testing for pesticide active ingredients - Requirements</i> ".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé « <i>Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences</i> ».

Indoor Area(s) / Zone(s) intérieure(s)

The possession of cannabis and the other activities mentioned above are authorized in the following building(s) / La possession de cannabis et les autres activités mentionnées ci-haut sont autorisées dans les bâtiment(s) suivant(s) :

- Barn #1
- Barn #2
- Barn #3
- Barn #4
- Barn #5
- Building 1
- Outdoor Drying Room-Storage Room

Outdoor Area(s) / Zone(s) extérieure(s)

The cultivation, propagation and harvesting of cannabis are authorized in the following outdoor area(s) / La culture, la multiplication et la récolte de cannabis sont autorisées dans les zone(s) extérieure(s) suivante(s) :

- Outdoor Grow Area 1
- Outdoor Grow Area 2
- Outdoor Grow Area 3
- Outdoor Grow Area 4
- Outdoor Grow Area 5

Acting Director, Licensing and Security, Controlled Substances and Cannabis Branch

Directeur par intérim, Licences et sécurité, Direction générale des substances contrôlées et du cannabis

Effective date of the licence:

This licence is effective as of **December 9, 2020**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **9 décembre 2020**

Expiry date of the licence:

This licence expires on **October 9, 2023**

Date d'expiration de la licence:

La présente licence expire le **9 octobre 2023**





Licence No. - N° de licence
LIC-VTQAQTTMOL-2023

LICENCE

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

LICENCE

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

Licence Holder / Titulaire de la licence :
Aleafia Farms Inc.

Licensed Site / Lieu autorisé :
378 SOUTH SERVICE ROAD
GRIMSBY, ON, CANADA, L3M 5A5

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses.

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licence suivantes.

Standard Cultivation

Culture standard

Activities	Activités
<ul style="list-style-type: none"> To possess cannabis To obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis For the purposes of testing, to obtain cannabis by altering its chemical or physical properties by any means To sell cannabis in accordance with subsection 11(5) of the Cannabis Regulations 	<ul style="list-style-type: none"> Avoir du cannabis en sa possession Obtenir du cannabis séché, du cannabis frais, des plantes de cannabis ou des graines provenant de telles plantes par la culture, la multiplication et la récolte de cannabis Afin d'effectuer des essais sur du cannabis, obtenir du cannabis par l'altération, par tout moyen, de ses propriétés physiques ou chimiques Vendre du cannabis en vertu du paragraphe 11(5) du Règlement sur le cannabis
Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled " <i>Mandatory cannabis testing for pesticide active ingredients - Requirements</i> ".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé « <i>Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences</i> ».

Indoor Area(s) / Zone(s) intérieure(s)

The possession of cannabis and the other activities mentioned above are authorized in the following building(s) / La possession de cannabis et les autre activités mentionnées ci-haut sont autorisées dans les bâtiment(s) suivant(s) :

Building 1

Effective date of the licence:

This licence is effective as of **June 7, 2023**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **7 juin 2023**

Expiry date of the licence:

This licence expires on **June 13, 2024**

Date d'expiration de la licence:

La présente licence expire le **13 juin 2024**

Director, Licencing and Security, Controlled Substances and Cannabis Branch
Directeur, Licences et sécurité, Direction générale des substances contrôlées et du cannabis

This is Exhibit "M" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits




Government
of Canada

Gouvernement
du Canada

[Canada.ca](#) → [Innovation, Science and Economic Development Canada](#) → [Corporations Canada](#)

→ [Search for a Federal Corporation](#)

Federal Corporation Information - 882447-9

 Beware of scams and other suspicious activities. See [Corporations Canada's alerts](#).

Note

This information is available to the public in accordance with legislation (see [Public disclosure of corporate information](#)).

[Order copies of corporate documents](#)

Corporation Number

882447-9

Business Number (BN)

812755635RC0001

Corporate Name

Canabo Medical Corporation


Status

Active

Governing Legislation

Canada Business Corporations Act - 2014-03-19

[Order a Corporate Profile](#) [[View PDF Sample](#)] [[View HTML Sample](#)].

[Find existing extra-provincial registrations of this corporation on Canada's Business registries](#) 

Registered Office Address

85 Basaltic Road
Vaughan ON L4K 1G4

Canada

i Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1

Maximum 10

Patricia Symmes-Rizakos
85 Basaltic Road
Concord ON L4K 1G4
Canada

Matthew Sale
85 Basaltic Road
Concord ON L4K 1G4
Canada

i Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)

03-19

Date of Last Annual Meeting

2020-08-14

Annual Filing Period (MM-DD)

03-19 to 05-18

Type of Corporation

Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings

2023 - Filed

2022 - Filed

2021 - Filed

Corporate History

Corporate Name History

2014-03-19 to 2014-09-17	8824479 CANADA INC.
2014-09-17 to Present	Canabo Medical Corporation

Certificates and Filings**Certificate of Incorporation**

2014-03-19

Certificate of Amendment *

2014-09-17

Amendment details: Corporate name

Certificate of Amendment *

2015-09-30

Amendment details: Other

Certificate of Amendment *

2019-01-18

Amendment details: Province or Territory of Registered Office

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. For more

information, [contact Corporations Canada](#).

[Order copies of corporate documents](#)

[Start New Search](#)

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Date Modified:

2023-07-06

This is Exhibit “N” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits



Profile Report

ALEAFIA BRANDS INC. as of July 13, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	ALEAFIA BRANDS INC.
Ontario Corporation Number (OCN)	2666406
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	November 20, 2018
Registered or Head Office Address	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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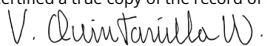
Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name GEOFFREY BENIC
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began November 20, 2018

Name GREG ROSSI
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began June 10, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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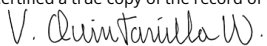
Active Officer(s)

Name GEOFFREY BENIC
Position President
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began November 20, 2018

Name GREG ROSSI
Position Secretary
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began June 10, 2021

Name GREG ROSSI
Position Treasurer
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began June 10, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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Corporate Name History

Name

ALEAFIA BRANDS INC.

Effective Date

November 20, 2018

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Additional historical information may exist in paper or microfiche format.

Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: GREG ROSSI - DIRECTOR	June 22, 2021
Annual Return - 2019 PAF: BENJAMIN FERDINAND - OFFICER	September 20, 2020
Annual Return - 2018 PAF: FERDINAND BENJAMIN - OFFICER	September 20, 2020
CIA - Initial Return PAF: JASON SALTZMAN - OTHER	November 21, 2018
BCA - Articles of Incorporation	November 20, 2018

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This is Exhibit "O" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Hume". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits



Profile Report

ALEAFIA RETAIL INC. as of July 13, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	ALEAFIA RETAIL INC.
Ontario Corporation Number (OCN)	2666405
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	November 20, 2018
Registered or Head Office Address	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name GEOFFREY BENIC
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began November 20, 2018

Name GREG ROSSI
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began June 10, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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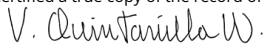
Active Officer(s)

Name GEOFFREY BENIC
Position President
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began November 20, 2018

Name GREG ROSSI
Position Secretary
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began June 10, 2021

Name GREG ROSSI
Position Treasurer
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began June 10, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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Corporate Name History

Name

ALEAFIA RETAIL INC.

Effective Date

November 20, 2018

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: GREG ROSSI - DIRECTOR	June 22, 2021
Annual Return - 2019 PAF: BENJAMIN FERDINAND - OFFICER	September 20, 2020
Annual Return - 2018 PAF: FERDINAND BENJAMIN - DIRECTOR	March 29, 2020
CIA - Initial Return PAF: JASON SALTZMAN - OTHER	November 21, 2018
BCA - Articles of Incorporation	November 20, 2018

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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This is Exhibit "P" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits



Profile Report

2672533 ONTARIO INC. as of July 13, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	2672533 ONTARIO INC.
Ontario Corporation Number (OCN)	2672533
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	December 21, 2018
Registered or Head Office Address	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name GEOFFREY BENIC
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began December 21, 2018

Name GREG ROSSI
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began June 10, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)

Name GEOFFREY BENIC
Position President
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began December 21, 2018

Name GREG ROSSI
Position Secretary
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began June 10, 2021

Name GREG ROSSI
Position Treasurer
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began June 10, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Corporate Name History

Name

2672533 ONTARIO INC.

Effective Date

December 21, 2018

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

Name	WELL & NESS
Business Identification Number (BIN)	290318591
Registration Date	March 21, 2019
Expiry Date	March 20, 2024

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: GREG ROSSI - DIRECTOR	June 22, 2021
Annual Return - 2019 PAF: BENJAMIN FERDINAND - OFFICER	September 20, 2020
Annual Return - 2018 PAF: FERDINAND BENJAMIN - OFFICER	September 20, 2020
CIA - Notice of Change PAF: JASON SALTZMAN - OTHER	September 17, 2020
CIA - Initial Return PAF: JASON SALTZMAN - OTHER	September 17, 2020
BCA - Articles of Incorporation	December 21, 2018

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V. Quintanilla W.

Director/Registrar

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This is Exhibit “Q” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits



Profile Report

2676063 ONTARIO INC. as of July 13, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	2676063 ONTARIO INC.
Ontario Corporation Number (OCN)	2676063
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	January 15, 2019
Registered or Head Office Address	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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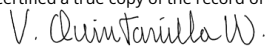
Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name GEOFFREY BENIC
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began January 15, 2019

Name GREG ROSSI
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began June 10, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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Active Officer(s)

Name GEOFFREY BENIC
Position President
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began January 15, 2019

Name GREG ROSSI
Position Secretary
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began June 10, 2021

Name GREG ROSSI
Position Treasurer
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began June 10, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Corporate Name History

Name

2676063 ONTARIO INC.

Effective Date

January 15, 2019

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V. Quintanilla W.

Director/Registrar

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Active Business Names

Name	FOLIEDGE ACADEMY
Business Identification Number (BIN)	290318583
Registration Date	March 21, 2019
Expiry Date	March 20, 2024

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: GREG ROSSI - DIRECTOR	June 22, 2021
Annual Return - 2019 PAF: BENJAMIN FERDINAND - OFFICER	September 20, 2020
CIA - Notice of Change PAF: JASON SALTZMAN - OTHER	September 17, 2020
CIA - Initial Return PAF: JASON SALTZMAN - OTHER	January 29, 2019
BCA - Articles of Incorporation	January 15, 2019

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Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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This is Exhibit "R" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits



Profile Report

ALEAFIA INC. as of July 13, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	ALEAFIA INC.
Ontario Corporation Number (OCN)	1992578
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Amalgamation	March 26, 2018
Registered or Head Office Address	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name MATTHEW SALE
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began April 26, 2022

Name PATRICIA SYMMES-RIZAKOS
Address for Service 85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Resident Canadian Yes
Date Began February 07, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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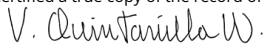
Active Officer(s)

Name	MATTHEW SALE
Position	Secretary
Address for Service	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began	April 26, 2022

Name	MATTHEW SALE
Position	Treasurer
Address for Service	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began	April 26, 2022

Name	PATRICIA SYMMES-RIZAKOS
Position	President
Address for Service	85 Basaltic Road, Concord, Ontario, Canada, L4K 1G4
Date Began	February 07, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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Corporate Name History

Name

ALEAFIA INC.

Effective Date

March 26, 2018

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Amalgamating Corporations

Corporation Name
Ontario Corporation Number

2412550 ONTARIO INC.
2412550

Corporation Name
Ontario Corporation Number

ALEAFIA INC.
2556446

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: Lisa SILVER SLAYTER	June 15, 2022
CIA - Notice of Change PAF: GREG ROSSI - DIRECTOR	June 22, 2021
CIA - Notice of Change PAF: JASON SALTZMAN - OTHER	September 09, 2020
CIA - Notice of Change PAF: JASON SALTZMAN - OTHER	June 05, 2019
CIA - Initial Return PAF: SHAWN BLUNDELL - OTHER	May 03, 2018
BCA - Articles of Amalgamation	March 26, 2018

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Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Profile Report

2412550 ONTARIO INC. as of July 13, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	2412550 ONTARIO INC.
Ontario Corporation Number (OCN)	2412550
Governing Jurisdiction	Canada - Ontario
Status	Inactive - Amalgamated
Date of Incorporation	March 27, 2014
Inactive Date	March 26, 2018
New Amalgamated Ontario Corporation Number	1992578
Registered or Head Office Address	25 Adelaide Street East, 1900, Toronto, Ontario, Canada, M5C 3A1

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name DANIAL SCHECTER
Address for Service 290 Albin Road, P. O. Box 661, Waubaushene, Ontario,
Canada, L0K 2C0
Resident Canadian Yes
Date Began March 27, 2014

Name A. NEIL SMITH
Address for Service 71 Ridgepark Lane, Halifax, Nova Scotia, Canada, B3N 3J2
Resident Canadian Yes
Date Began October 22, 2014

Name JC ST. AMOUR
Address for Service 10 Pine Ridge Drive, Toronto, Ontario, Canada, M1M 2X5
Resident Canadian Yes
Date Began December 31, 2014

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)

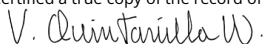
Name ROBERT RANDALL
Position Chief Financial Officer
Address for Service 1969 Upper Water Street, Purdys Warf, Tower li 2001,
Halifax, Nova Scotia, Canada, B3J 3R7
Date Began October 22, 2014

Name ROBERT RANDALL
Position Secretary
Address for Service 1969 Upper Water Street, Purdys Warf, Tower li 2001,
Halifax, Nova Scotia, Canada, B3J 3R7
Date Began October 22, 2014

Name JC ST. AMOUR
Position Chief Executive Officer
Address for Service 10 Pine Ridge Drive, Toronto, Ontario, Canada, M1M 2X5
Date Began December 31, 2014

Name JC ST. AMOUR
Position President
Address for Service 10 Pine Ridge Drive, Toronto, Ontario, Canada, M1M 2X5
Date Began December 31, 2014

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Director/Registrar

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Corporate Name History

Name

2412550 ONTARIO INC.

Effective Date

March 27, 2014

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V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

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V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

Name	THE CANNABINOID MEDICAL CLINIC
Business Identification Number (BIN)	240546945
Status	Inactive - Cancelled
Registration Date	June 02, 2014
Cancelled Date	October 19, 2021

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V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
Other - AMALGAMATION MEMO TO FILE	March 26, 2018
CIA - Notice of Change PAF: RYAN RATTRAY - OTHER	November 17, 2016
CIA - Notice of Change PAF: ROBERT RANDALL - OFFICER	January 16, 2015
CIA - Notice of Change PAF: SCOTT WALTERS - OFFICER	December 30, 2014
CIA - Notice of Change PAF: RICK MOSCONE - OTHER	December 17, 2014
CIA - Initial Return PAF: JOEL E. LEVITT - OTHER	June 24, 2014
BCA - Articles of Incorporation	March 27, 2014

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

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V. Quintanilla W.

Director/Registrar

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Profile Report

ALEAFIA INC. as of July 13, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	ALEAFIA INC.
Ontario Corporation Number (OCN)	2556446
Governing Jurisdiction	Canada - Ontario
Status	Inactive - Amalgamated
Date of Incorporation	January 17, 2017
Inactive Date	March 26, 2018
New Amalgamated Ontario Corporation Number	1992578
Registered or Head Office Address	8810 Jane St, 2nd Floor, Vaughan, Ontario, Canada, L4K 2M9

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V. Quintanilla W.

Director/Registrar

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Active Director(s)

Minimum Number of Directors	1
Maximum Number of Directors	5

Name	WILLIAM CAR
Address for Service	275 Athabasca, Vaughan, Ontario, Canada, L6A 3S1
Resident Canadian	Yes
Date Began	January 17, 2017

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V. Quintanilla W.

Director/Registrar

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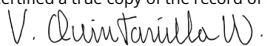
Active Officer(s)

Name JULIAN FANTINO
Position Chairman
Address for Service 14 Thomas Noble Court, Nobelton, Ontario, Canada, L7B 0A3
Date Began March 21, 2017

Name RAF SOUCCAR
Position Chief Executive Officer
Address for Service 137 Dream Court, Orleans, Ontario, Canada, K1C 0A4
Date Began March 21, 2017

Name RAF SOUCCAR
Position President
Address for Service 137 Dream Court, Orleans, Ontario, Canada, K1C 0A4
Date Began March 21, 2017

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Director/Registrar

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Corporate Name History

Name

ALEAFIA INC.

Effective Date

January 17, 2017

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V. Quintanilla W.

Director/Registrar

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Active Business Names

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V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

Name	ALEAFIA TOTAL HEALTH NETWORK
Business Identification Number (BIN)	271347452
Status	Inactive - Cancelled
Registration Date	December 21, 2017
Cancelled Date	October 19, 2021

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V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
Other - AMALGAMATION MEMO TO FILE	March 26, 2018
CIA - Notice of Change PAF: SHAWN BLUNDELL - OTHER	February 14, 2018
CIA - Notice of Change PAF: JASON SALTZMAN - OTHER	March 31, 2017
BCA - Articles of Amendment	March 20, 2017
CIA - Initial Return PAF: JASON SALTZMAN - OFFICER	March 17, 2017
BCA - Articles of Incorporation	January 17, 2017

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V. Quintanilla W.

Director/Registrar

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This is Exhibit "S" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Aleafia Health Inc.
85 Basaltic Road
Concord, Ontario
L4K 1G4

Item 2 Date of Material Change

January 31, 2021.

Item 3 News Release

A news release issued by Aleafia Health Inc. (the “**Company**”) with respect to the material change referred to in this Material Change Report was disseminated via Globe Newswire and filed on SEDAR prior to the opening of trading on February 1, 2021.

Item 4 Summary of Material Change

The board of directors (the “**Board**”) of the Company appointed Luciano Galasso and Carlo Sistilli (collectively, the “**Shareholder Nominees**”) as independent directors to the Board. Mr. Galasso has also been appointed to the Strategic Planning Committee and Mr. Sistilli has been appointed to the Audit Committee.

In connection with the director appointments, the Company entered into a director nomination agreement with a group of shareholders of the Company representing approximately 15.65% of the issued and outstanding common shares of the Company pursuant to which, among other things, such shareholders agreed to a customary standstill provision in favour of the Company until December 31, 2021 (provided that such standstill may be terminated after the 2021 annual meeting of the shareholders of the Company (the “**2021 Annual Meeting**”) in certain circumstances) and to vote all of their common shares in favour of the director nominees recommended by the Company for election at the 2021 Annual Meeting, which the Company has agreed to hold no later than June 30, 2021. The Company has also agreed to nominate seven directors for election at the 2021 Annual Meeting consisting of four current directors, the Shareholder Nominees and one independent director to be selected following a search process and approval by the Board, having regard to the Company’s corporate governance and director nomination policies and the skills matrix of the Board.

Item 5 Full Description of Material Change

Please see the attached press release for a full description of the material change.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

This report is not being filed on a confidential basis.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, please contact Geoff Cowper Smith, Chief Legal Officer and Corporate Secretary of the Company at 416-860-5665.

Item 9 Date of Report

February 9, 2021.

ALEAFIA HEALTH TO APPOINT TWO NEW INDEPENDENT DIRECTORS

TORONTO – February 1, 2021 – Aleafia Health Inc. (TSX: AH, OTC: ALEAF) (“**Aleafia Health**” or the “**Company**”) is pleased to announce that the board of directors (the “**Board**”) has appointed Lu Galasso and Carlo Sistilli as independent directors to the Board. Mr. Galasso will be appointed to the Strategic Planning Committee and Mr. Sistilli will be appointed to the Audit Committee.

“I would like to welcome Lu and Carlo to our Board,” said Acting Chair Lea Ray. “Their collective professional experience will bring unique skills to the Board that will serve Aleafia Health well in its continued growth.”

Lu Galasso

Lu Galasso is a Chartered Professional Accountant, CA, CPA and holds the Institute of Corporate Directors ICD.D designation.

Lu is a Partner with the Zzen Group of Companies, a company in the real estate and manufacturing sectors, where he is the CFO and head of strategic developments for the manufacturing operations.

Lu is Chair of the Board of Directors for Titanium Transportation Group, a trucking and logistics business listed on the TSX. He is also the President of the Board of Directors of the Meta Foundation, a member of the Board for the St. Christopher Children’s Home, and a member of the Dean’s Advisory Board for the Faculty of Management at Laurentian University.

Carlo Sistilli

Carlo Sistilli is a Chartered Professional Accountant and a Certified Management Accountant, CPA, CMA. As Chief Financial Officer and member of the Senior Management team of Arista Homes, Carlo plays a key role in overall operations including evaluation of mergers and acquisitions.

Prior to Arista, Carlo co-founded and served as CFO, member of the M&A team and member of the Board of Directors of an Internet start-up company, playing a key role in taking the company public on the Alberta Ventures Exchange.

Carlo is a member of the Board of Directors and Chair of the Audit Committee of Edesa Biotech, Inc., a company listed on NASDAQ. Mr. Sistilli is an officer and a member of the Board of Directors of Mother of Mercy Centre, a charity operating in Ontario.

In connection with the director appointments, the Company entered into a director nomination agreement with a group of shareholders of the Company representing approximately 15.65% of the issued and outstanding common shares of the Company pursuant to which, among other things, such shareholders have agreed to a customary standstill provision in favour of the Company until December 31, 2021 (provided that it may be terminated after the 2021 annual meeting of the shareholders of the Company (the “**2021 Annual Meeting**”) in certain circumstances) and to vote all of their common shares in favour of the director nominees recommended by the Company for election at the 2021 Annual Meeting, which the Company has agreed to hold no later than June 30, 2021. The Company has also agreed to nominate seven directors for election at the 2021 Annual Meeting consisting of four current directors,

Messrs. Galasso and Sistilli and one independent director to be selected following a search process and approval by the Board, having regard to the Company's corporate governance and director nomination policies and the skills matrix of the Board.

For Investor & Media Relations:

Nicholas Bergamini, VP Investor Relations
1-833-879-2533
IR@AleafiaHealth.com
LEARN MORE: www.AleafiaHealth.com

About Aleafia Health:

Aleafia Health is a vertically integrated and federally licensed Canadian cannabis company offering cannabis health and wellness services and products in Canada and in international markets. The Company operates medical clinics, education centres and production facilities for the production and sale of cannabis.

Aleafia Health owns three significant licensed cannabis production facilities, including the first large-scale, legal outdoor cultivation facility in Canadian history. The Company produces a diverse portfolio of commercially proven, high-margin derivative products including oils, capsules and sprays. Aleafia Health operates the largest national network of medical cannabis clinics and education centres staffed by MDs, nurse practitioners and educators and operates internationally in three continents.

Innovation, the heart of Aleafia Health's competitive advantage, has led to the Company maintaining a medical cannabis dataset with over 10 million data points to inform proprietary illness-specific product development and its highly differentiated education platform FoliEdge Academy. The Company is committed to creating sustainable shareholder value; the TSX Venture Exchange named Aleafia the 2019 top performing company prior to its graduation to the TSX.

Forward Looking Information

This news release contains forward-looking information within the meaning of applicable Canadian and United States securities laws. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "estimates", "intends", "anticipates", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this news release. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information, including risks contained in the Company's annual information form filed with Canadian securities regulators available on the Company's SEDAR profile at www.sedar.com. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information and no assurance can

be given that such events will occur in the disclosed time frames or at all. The forward-looking information included in this news release are made as of the date of this news release and the Company does not undertake any obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

This is Exhibit "T" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

LAND
REGISTRY
OFFICE #40

26764-0137 (LT)

PAGE 1 OF 2
PREPARED FOR Travis01
ON 2023/07/14 AT 12:14:16

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT LT 2, CON 2, CARTWRIGHT; BEING PT 1, 40R3687 AND PT 1, 40R25294; TOWNSHIP OF SCUGOG

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
CONSOLIDATION FROM 26764-0098, 26764-0100

PIN CREATION DATE:
2019/09/25

OWNERS' NAMES
ALEAFIA FARMS INC.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2019/09/25 **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHEATS OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 1999/02/15 **						
N32525	1967/03/13	ORDER				C
REMARKS: DESIGNATING AREAS OF SUBDIVISION CONTROL UNDER THE PLANNING ACT ADDED 2001/05/22 BY GAIL MCCARROLL						
10R3687	1990/04/26	PLAN REFERENCE				C
40R25294	2008/01/30	PLAN REFERENCE				C
DR685199	2008/02/04	APL (GENERAL)		METCALF, AUDREY GWENDOLINE		C
REMARKS: AMENDING LEGAL DESCRIPTION						
DR802224	2009/04/30	CHARGE		*** DELETED AGAINST THIS PROPERTY *** FAINT, CATHERINE ANN	ROYAL BANK OF CANADA	
DR1665679	2017/12/11	TRANSFER	\$1,500,000	MACDONALD, FRANK	755064 ONTARIO INC.	C
DR1824736	2019/09/03	TRANSFER	\$1,125,221	FAINT, CATHERINE ANN	ALEAFIA FARMS INC.	C
REMARKS: PLANNING ACT STATEMENTS.						
DR1824738	2019/09/03	APL CH NAME OWNER		755064 ONTARIO INC.	ALEAFIA FARMS INC.	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

LAND
REGISTRY
OFFICE #40

26764-0137 (LT)

PREPARED FOR Travis01
ON 2023/07/14 AT 12:14:16

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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
DR1824742	2019/09/03	APL CONSOLIDATE		ALEAFIA FARMS INC.		C
DR1838656	2019/10/22	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA		
	REMARKS: DR802224.					
DR2098410	2022/02/08	CHARGE	\$20,000,000	ALEAFIA FARMS INC.	1260356 ONTARIO LIMITED	C
DR2147378	2022/06/27	CHARGE	\$100,000,000	ALEAFIA FARMS INC.	COMPUTERSHARE TRUST COMPANY OF CANADA	C
DR2147379	2022/06/27	NO ASSGN RENT GEN		ALEAFIA FARMS INC.	COMPUTERSHARE TRUST COMPANY OF CANADA	C
	REMARKS: DR2147378					

LAND
REGISTRY
OFFICE #30

46033-0368 (LT)

PAGE 1 OF 2
PREPARED FOR Travis01
ON 2023/07/14 AT 10:11:15

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: 1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:

CONSOLIDATION FROM 46033-0276, 46033-0278, 46033-0280

PIN CREATION DATE:

2018/09/06

OWNERS' NAMES

ALEAFIA FARMS INC.

CAPACITY SHARE

ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2018/09/06 **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHEATS OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 2003/05/26 **						
RO437966	1981/10/15	AGREEMENT			THE CORPORATION OF THE TOWN OF GRIMSBY	C
		REMARKS: EASEMENT				
30R5727	1989/01/27	PLAN REFERENCE				C
30R13028	2008/02/20	PLAN REFERENCE				C
30R13499	2010/04/13	PLAN REFERENCE				C
NR262008	2011/02/16	BYLAW PUB HGHWY		THE REGIONAL MUNICIPALITY OF NIAGARA		C
		REMARKS: TO ACCEPT, ASSUME AND DEDICATE PT LT 1, CON 1		AND PT LT A, EAST GORE AS PT OF REGIONAL RD NO. 40(SOUTH SERVICE RD) SEE DOCUMENT		
NR384106	2015/06/19	NOTICE	\$1	THE CORPORATION OF THE TOWN OF GRIMSBY		C
		REMARKS: AGREEMENT PT 2 30R13028				
NR487251	2018/07/27	APL CONSOLIDATE		1834439 ONTARIO INC.		C
NR487252	2018/07/27	TRANSFER	\$8,540,000	1834439 ONTARIO INC.	ALEAFIA FARMS INC.	C

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REGISTRY
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46033-0368 (LT)

PREPARED FOR Travis01
ON 2023/07/14 AT 10:11:15

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
<i>REMARKS: PLANNING ACT STATEMENTS.</i>						
NR529869	2019/12/12	TRANSFER EASEMENT		ALEAFIA FARMS INC.	GRIMSBY POWER INCORPORATED	C
NR591525	2021/10/04	CHARGE	\$20,000,000	ALEAFIA FARMS INC.	1260356 ONTARIO LIMITED	C
NR600589	2021/12/24	CHARGE	\$19,000,000	ALEAFIA FARMS INC.	NEXT EDGE GENERAL PARTNER (ONATRIO) INC. NE SPC II LP.	C
NR600591	2021/12/24	NO ASSGN RENT GEN		ALEAFIA FARMS INC.	NEXT EDGE GENERAL PARTNER (ONTARIO) INC. NE SPC II LP.	C
<i>REMARKS: NR600589.</i>						
NR600593	2021/12/24	POSTPONEMENT		1260356 ONTARIO LIMITED	NEXT EDGE GENERAL PARTNER (ONTARIO) INC. NE SPC II LP	C
NR618372	2022/06/27	CHARGE	\$100,000,000	ALEAFIA FARMS INC.	COMPUTERSHARE TRUST COMPANY OF CANADA	C
NR618373	2022/06/27	NO ASSGN RENT GEN		ALEAFIA FARMS INC.	COMPUTERSHARE TRUST COMPANY OF CANADA	C
<i>REMARKS: NR618372</i>						
NR643871	2023/06/12	TRANSFER OF CHARGE		NEXT EDGE GENERAL PARTNER (ONATRIO) INC. NE SPC II LP.	RED WHITE & BLOOM BRANDS INC.	C
<i>REMARKS: NR600589.</i>						
NR643873	2023/06/12	NO ASSGN RENT GEN		NEXT EDGE GENERAL PARTNER (ONTARIO) INC. NE SPC II LP.	RED WHITE & BLOOM BRANDS INC.	C
<i>REMARKS: NR600591</i>						

LAND
REGISTRY
OFFICE #2

32040-0546 (LT)

PAGE 1 OF 3
PREPARED FOR Travis01
ON 2023/07/14 AT 10:05:43

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3 2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 AND 2 2R7264; COUNTY OF BRANT

PROPERTY REMARKS: PLANNING ACT CONSENT IN DOCUMENT BC209113.

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
CONSOLIDATION FROM 32040-0207, 32040-0208, 32040-0433, 32040-0529, 32040-0531

PIN CREATION DATE:
2017/03/03

OWNERS' NAMES
EMBLEM CANNABIS CORPORATION

CAPACITY SHARE

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2017/03/03 **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHEATS OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 1998/09/30 **						
2R242	1973/12/17	PLAN REFERENCE				C
2R895	1976/10/25	PLAN REFERENCE				C
A331750	1987/08/13	AGREEMENT			TOWN OF PARIS	C
A462029	1995/09/25	AGREEMENT			TOWN OF PARIS	C
REMARKS: SITE PLAN, SKETCH ATTACHED						
2R5480	1999/07/30	PLAN REFERENCE				C
2R5663	2000/08/18	PLAN REFERENCE				C
LT22629	2001/06/18	NOTICE AGREEMENT		THE CORPORATION OF THE COUNTY OF BRANT		C
LT22633	2001/06/18	NOTICE AGREEMENT		THE CORPORATION OF THE COUNTY OF BRANT		C
BC3838	2002/09/20	NOTICE AGREEMENT		THE CORPORATION OF THE COUNTY OF BRANT		C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD	
		<i>REMARKS: DEVELOPMENT AGREEMENT</i>					
2R7264	2010/09/10	PLAN REFERENCE				C	
BC256011	2014/04/30	TRANSFER	\$950,000	HERITAGE POULTRY LTD.	8682984 CANADA INC.	C	
		<i>REMARKS: PLANNING ACT STATEMENTS.</i>					
BC271796	2015/03/23	APL CH NAME OWNER		8682984 CANADA INC.	KINDCANN REALTY LIMITED	C	
BC285914	2015/11/30	TRANSFER	\$621,600	KALMAR, ANNA KALMAR, LOUIS	OAKBANK HOLDINGS LIMITED	C	
		<i>REMARKS: PLANNING ACT STATEMENTS.</i>					
BC307531	2016/12/08	APL CH NAME OWNER		OAKBANK HOLDINGS LIMITED	9845992 CANADA LIMITED	C	
BC307645	2016/12/09	APL CH NAME OWNER		9845992 CANADA LIMITED	EMBLEM CANNABIS CORPORATION	C	
BC307646	2016/12/09	APL CH NAME OWNER		KINDCANN REALTY LIMITED	EMBLEM CANNABIS CORPORATION	C	
BC307771	2016/12/12	CHARGE		*** DELETED AGAINST THIS PROPERTY *** EMBLEM CANNABIS CORPORATION	QUAHOLD CORPORATION		
BC307772	2016/12/12	NO ASSGN RENT GEN		*** DELETED AGAINST THIS PROPERTY *** EMBLEM CANNABIS CORPORATION	QUAHOLD CORPORATION		
		<i>REMARKS: BC307771</i>					
BC311401	2017/02/21	APL CONSOLIDATE		EMBLEM CANNABIS CORPORATION		C	
BC314975	2017/04/27	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** PAULSAN CONSTRUCTION INC.			
BC316253	2017/05/16	APL DEL CONST LIEN		*** COMPLETELY DELETED *** PAULSAN CONSTRUCTION INC.			
		<i>REMARKS: BC314975.</i>					
BC324142	2017/09/07	NOTICE		*** COMPLETELY DELETED *** EMBLEM CANNABIS CORPORATION	THE CORPORATION OF THE COUNTY OF BRANT		
		<i>REMARKS: CONDITIONAL PERMIT AGREEMENT -DELETE THE NOTICE ON THE CONSENT OF THE FOLLOWING PARTY(IES) THE CORPORATION OF THE COUNTY OF BRANT</i>					
BC328156	2017/11/07	NOTICE	\$1	EMBLEM CANNABIS CORPORATION	THE CORPORATION OF THE COUNTY OF BRANT	C	
BC328157	2017/11/07	POSTPONEMENT		*** COMPLETELY DELETED *** QUAHOLD CORPORATION	THE CORPORATION OF THE COUNTY OF BRANT		

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
		REMARKS: BC307771 TO BC328156				
BC330225	2017/12/08	APL (GENERAL)		*** COMPLETELY DELETED *** THE CORPORATION OF THE COUNTY OF BRANT		
		REMARKS: BC324142				
BC351423	2018/12/31	DISCH OF CHARGE		*** COMPLETELY DELETED *** QUAHOLD CORPORATION		
		REMARKS: BC307771.				
BC413999	2021/10/04	CHARGE	\$20,000,000	EMBLEM CANNABIS CORPORATION	1260356 ONTARIO LIMITED	C
BC420311	2021/12/24	CHARGE	\$19,000,000	EMBLEM CANNABIS CORPORATION	NEXT EDGE GENERAL PARTNER (ONTARIO) INC. NE SPC II LP.	C
BC420312	2021/12/24	NO ASSGN RENT GEN		EMBLEM CANNABIS CORPORATION	NEXT EDGE GENERAL PARTNER (ONTARIO) INC. NE SPC II LP.	C
		REMARKS: BC420311.				
BC420318	2021/12/24	POSTPONEMENT		1260356 ONTARIO LIMITED	NEXT EDGE GENERAL PARTNER (ONTARIO) INC. NE SPC II LP.	C
		REMARKS: BC413999 TO BC420311				
BC434024	2022/06/27	CHARGE	\$100,000,000	EMBLEM CANNABIS CORPORATION	COMPUTERSHARE TRUST COMPANY OF CANADA	C
BC434025	2022/06/27	NO ASSGN RENT GEN		EMBLEM CANNABIS CORPORATION	COMPUTERSHARE TRUST COMPANY OF CANADA	C
		REMARKS: BC434024				
BC454633	2023/06/12	TRANSFER OF CHARGE		NEXT EDGE GENERAL PARTNER (ONTARIO) INC. NE SPC II LP.	RED WHITE & BLOOM BRANDS INC.	C
		REMARKS: BC420311.				
BC454634	2023/06/12	NO ASSGN RENT GEN		NEXT EDGE GENERAL PARTNER (ONTARIO) INC. NE SPC II LP.	RED WHITE & BLOOM BRANDS INC.	C
		REMARKS: BC420311				

This is Exhibit “U” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is fluid and cursive, with the first name "Samantha" written in a larger, more prominent script than the last name "Khan".

Commissioner for Taking Affidavits

Properties

PIN 46033 - 0368 LT *Interest/Estate* Fee Simple
Description 1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY
Address 378 SOUTH SERVICE ROAD
 GRIMSBY

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name ALEAFIA FARMS INC.
Address for Service c/o Aleafia Health Inc.
 85 Basaltic Road
 Concord, Ontario
 L4K 1G4

I, Geoffrey M. Benic, President and I, Greg Rossi, Secretary, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name 1260356 ONTARIO LIMITED
Address for Service 100 Zenway Boulevard
 Woodbridge, Ontario
 L4H 2Y7

Provisions

Principal \$20,000,000.00 *Currency* CDN
Calculation Period
Balance Due Date On Demand
Interest Rate
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms
Insurance Amount Full insurable value
Guarantor

Additional Provisions

See Schedules

Signed By

Nicolina Perrone Box 48 Suite 5300, TD Bank Tower acting for Signed 2021 10 04
 Toronto Chargeor(s)
 M5K 1E6

Tel 416-362-1812

Fax 416-868-0673

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

MCCARTHY TETRAULT LLP Box 48 Suite 5300, TD Bank Tower 2021 10 04
 Toronto
 M5K 1E6

Tel 416-362-1812

Fax 416-868-0673

Fees/Taxes/Payment

Statutory Registration Fee	\$65.30
Total Paid	\$65.30

File Number

Chargee Client File Number : 225708-543588

DEMAND DEBENTURE

ALEAFIA FARMS INC.

PRINCIPAL SUM: \$20,000,000.00

DATE: October 4, 2021

1. Acknowledgement and Promise to Pay

Aleafia Farms Inc. (the “**Chargor**”), a corporation incorporated under the laws of Ontario, for value received, hereby acknowledges itself indebted to 1260356 Ontario Limited (the “**Holder**”) with an address at 100 Zenway Boulevard Woodbridge, ON L4H 2Y7 Attention: Colby De Zen, E-mail: cdzen@zzengroup.com, and covenants and promises: (i) to pay on demand following the occurrence and during the continuance of an Event of Default the Principal Sum to or to the order of the Holder, in lawful money of Canada; and (ii) to perform the obligations secured (as defined herein). The Chargor promises to pay, on demand, interest in like money on the amount of the Principal Sum outstanding from time to time and on all other amounts from time to time owing hereunder at the rate of 25% *per annum*, calculated semi-annually, not in advance. Such interest will be payable both before and after maturity, demand, default and judgment. The Chargor promises to pay interest, on demand, at the same rate, on overdue interest, calculated and payable monthly on the first Business Day of each and every month until paid.

2. Place of Payment

The Chargor promises to pay the Principal Sum, interest and all other amounts from time to time owing hereunder at the office of the Holder at which any notice may be given to the Holder in connection with this Debenture or at such other place in Canada as the Holder may designate by notice in writing to the Chargor at any time and from time to time.

3. Continuing Security

This Debenture secures payment and performance in favour of the Holder of all the present and future Obligations of the Chargor (being herein collectively called the “**obligations secured**”).

4. Security

As continuing security for the due and punctual payment of the Principal Sum, interest, overdue interest and the obligations secured, and the performance of all the obligations secured, the Chargor does, subject to the terms hereof, hereby:

- (a) grant a security interest in and grant, mortgage, assign, transfer, hypothecate and charge as and by way of a fixed and specific mortgage and charge to and in favour of the Holder, all the right, title, estate, interest and benefit of the Chargor, present and future, in, to, under or in respect of the property legally described in Schedule 4(a) (the “**Owned Real Property**”) together with all rights and interest therein, now owned or hereafter acquired by the Chargor, including, without limitation, all

licences, easements, rights-of-way, privileges, benefits, immunities, rights and options connected therewith and/or appertaining thereto and all amendments thereto, replacements thereof and substitutions therefor from time to time, and all buildings, erections, structures, improvements, fixtures, fixed plant, fixed machinery and fixed equipment at present situate thereon or therein or which may at any time hereafter be constructed or brought or placed thereon or therein or used in connection therewith, including in each and all cases any greater or other right, title and interest therein or in any part thereof which the Chargor may acquire and hold during the currency of this Debenture, and all Proceeds of all of the foregoing;

- (b) assign, transfer and set over unto and in favour of the Holder, its successors and assigns, as and by way of a fixed and specific assignment, all of its right, title, estate and interest, present and future in and to:
 - (i) all contracts, agreements, indentures, licenses, commitments or other agreements relating to the Owned Real Property or any part or parts thereof to which the Chargor is now or subsequently a party or has a benefit, right or in which the Chargor now has or subsequently acquires an interest;
 - (ii) all amendments, extensions, renewals, replacements and substitutions of any of the property referred to in Section 4(b)(i) and all benefits, rights, remedies, privileges, claims, powers and advantages of the Chargor to be derived therefrom or thereunder (whether arising pursuant thereto or available to the Chargor at law or in equity) and all covenants, obligations and agreements of the other parties thereto including, without limitation, the right of the Chargor to enforce any of the foregoing and the obligations of the other parties thereto and to give or withhold any and all consents, requests, directions, approvals, extensions and/or waivers thereunder; and
 - (iii) all Proceeds of all of the foregoing;
- (c) create a security interest in, and, subject to the exception set out in Section 10 hereof, assign by way of security, transfer and set over unto and in favour of the Holder, its successors and assigns, as and by way of a general assignment by way of security of all of its right, title, estate and interest, present and future, in and to:
 - (i) any and all existing or future leases, subleases, agreements to lease or sublease or other occupancy or tenancy agreements relating to the whole or any part of the Owned Real Property and all existing or future licenses or concessions whereby any person is given the right (other than an easement or a right in the nature of an easement) to use or occupy the whole or any part or parts of the Owned Real Property and all extensions, amendments, renewals or substitutions thereof or therefor which may hereafter be effected or entered into (collectively, the “**Third Party Leases**”), and all benefits, powers and advantages of the Chargor to be derived therefrom and all covenants, obligations and agreements of the tenants thereunder;

- (ii) all rents and other moneys now due and payable or hereafter to become due and payable under the Third Party Leases, and each guarantee of or indemnity in respect of the obligations of the tenants thereunder with full power to demand, sue for recovery, receive and give receipts for all such rents and other moneys and otherwise to enforce the rights of the Chargor thereto in the name of the Chargor;
 - (iii) any and all existing or future agreements, contracts, licenses, permits, plans and specifications, bonds, letters of credit, letters of guarantee or other documents or instruments affecting or relating primarily to the servicing or development of the Owned Real Property or any part or parts thereof or the construction, use, operation or maintenance of buildings, erections, structures, improvements and fixtures thereon and all extensions, amendments, renewals or substitutions thereof or therefor which may hereafter be effected or entered into and all benefit, power and advantage of the Chargor to be derived therefrom;
 - (iv) any and all existing or future agreements of purchase and sale, options to purchase and mortgage, loan or other financing commitments relating in whole or in part to the Owned Real Property or any part or parts thereof and all proceeds and other moneys now due and payable or hereafter to become due and payable thereunder and all benefit, power and advantage of the Chargor to be derived therefrom;
 - (v) all proceeds of and from any and all existing or future insurance policies in respect of property damage and rental insurance pertaining in whole or in part to the Owned Real Property and all proceeds of expropriation or similar taking of the Owned Real Property or any part or parts thereof and all benefit, power and advantage of the Chargor to be derived therefrom provided that all such proceeds shall be held and applied in accordance with the Credit Agreement; and
 - (vi) all Proceeds of all of the foregoing; and
- (d) create a security interest in and grant, convey, mortgage, assign, transfer, pledge and charge as and by way of a floating charge to and in favour of the Holder, all of its undertaking, property and assets, real and personal, immovable and moveable, which in each case is located at and used primarily in connection with or arising from the Owned Real Property, including, without limitation, all goods, money, investment property, intangibles, chattel paper, instruments, documents, inventories and goodwill, now owned or hereafter acquired by the Chargor, of whatsoever nature, kind or description (other than such thereof as may from time to time be validly and effectively subjected to the charges created under Sections 4(a), 4(b), and 4(c) of this Debenture), and all Proceeds of all of the foregoing.

The grants, conveyances, mortgages, charges, pledges, transfers, assignments and security interests created pursuant to this Section 4 (collectively, the “**Security Interests**”) shall not extend

or apply to any personal property which is “consumer goods”, as such term is defined in the Act, or as applicable in any similar personal property security legislation in any jurisdiction in which any of the Property is located, and notwithstanding Section 4(d) or any other provision hereof, shall not extend or apply to any cannabis or cannabis derived products, and no cannabis or cannabis derived products (including those located at, used primarily in connection with or arising from the Owned Real Property) will form part of the Property.

5. Representations and Warranties of the Chargor

The Chargor represents and warrants to the Holder as follows:

- (a) French Name: The Chargor does not have or use a French form of name or a combined English and French form of name;
- (b) Address: The address of the Chargor’s chief executive office is: 85 Basaltic Road, Concord, Ontario, L4K 1G4; and
- (c) Location of the Property: With the exception of inventory in transit, all tangible assets comprising the Property are situate at the Owned Real Property or the chief executive office.

The foregoing representations and warranties shall survive for so long as any of the obligations secured remain unpaid and, notwithstanding any investigation made by or on behalf of the Holder, shall continue in full force and effect for the benefit of the Holder during such period.

6. Covenants of the Chargor

So long as any of the obligations secured shall remain unpaid or the Holder has the obligation to provide credit facilities pursuant to the Credit Agreement, the Chargor covenants and agrees with the Holder as follows:

- (a) No Accessions: The Chargor shall prevent any Property from being or becoming an accession to any property not subject to the Security Interests created by this Debenture;
- (b) Change of Name/Chief Executive Office: The Chargor shall not change its name or change the location of its chief executive office to a location outside of the Province of Ontario without giving prior written notice to the Holder of the new name or chief executive office location and the date upon which such change of name or chief executive office location is to take effect;
- (c) Location of Charged Premises: Except as may be permitted by the Credit Agreement, the Chargor shall not keep, store, locate or install any Charged Premises at, or move, transport or transfer any Charged Premises to, any location other than those locations set out in Section 5(c) without the prior written consent of the Holder; and

- (d) Registrations: The Chargor will, from time to time at the request of the Holder, promptly effect all registrations, filings, recordings and all renewals thereof and all re-registrations, re-filings and re-recordings of or in respect of this Debenture and the Security Interests created hereby in such offices of public record and at such times as may be necessary or of advantage in perfecting, maintaining and protecting the validity, effectiveness and priority hereof and of the Security Interests created hereby; provided that the Holder may effect all such registrations, filings, recordings, renewals, re-registrations, re-filings and re-recordings from time to time in its sole discretion at the expense of the Chargor.

7. Habendum

TO HAVE AND TO HOLD the Property and all rights hereby conferred to the Holder forever for the uses and purposes and with the powers and authorities and subject to the terms and conditions set forth herein.

8. Definitions

Unless otherwise provided, the capitalized terms used in this Debenture shall have the meanings given to them as described in Schedule 6 hereto.

9. Attachment

The Chargor acknowledges and agrees that value has been given for the granting of the Security Interests created hereby and that there is no agreement between the Chargor and the Holder, express or implied, to postpone the attachment of the Security Interests. Subject to Section 29, the Security Interests created by this Debenture are intended to attach when this Debenture is executed by the Chargor and delivered to the Holder or in the case of after-acquired property, when the Chargor has rights or any interest in such property.

10. Reservation of Last Day of Lease

The last day of any term of years reserved by any lease or any extension or renewal thereof, oral or written, or any agreement therefor, now held or hereafter acquired by the Chargor, is hereby excepted out of the security created hereby or by any other instrument supplemental hereto and does not and shall not form part of the Property charged hereby or by any such other instrument, but should such charge become enforceable the Chargor shall stand possessed of the reversion remaining in the Chargor of any leasehold interest for the time being demised as aforesaid, upon trust to assign and dispose thereof as the Holder shall direct; and upon any sale of the leasehold interest, or any part thereof, the Holder for the purpose of vesting the aforesaid reversion of any such term or any renewal thereof in any purchaser or purchasers thereof, shall be entitled by deed or other writing to appoint such purchaser or purchasers or any other person or persons a new trustee or trustees of the aforesaid reversion of any such term or renewal thereof in the place of the Chargor and to vest the same accordingly in the new trustee or trustees so appointed, freed and discharged from any obligation respecting the same.

11. Excluded Collateral and Consents

Nothing herein shall constitute an assignment, mortgage, charge or security interest or attempted assignment, mortgage, charge or security interest of or in any contract, agreement, license, lease or permit which by the provisions thereof or by law is not assignable or cannot be made the subject of a mortgage, charge or security interest or which requires the consent of a third party to its assignment or being made subject to a mortgage, charge or security interest, unless such consent has been obtained. In each such case, the Chargor shall promptly, upon written request by the Holder acting reasonably, use commercially reasonable efforts to obtain the consent of any necessary third party to its assignment hereby and to its further assignment by the Holder to any third party who may acquire same as a result of the exercise by the Holder of remedies after demand. Upon such consent being obtained or waived, the assignments, mortgages, charges and security interests provided for herein shall apply to the applicable contract, agreement, license, lease or permit without regard to this section and without the necessity of any further assurance to effect such assignments, mortgages, charges or security interests. Unless and until such consent is obtained as provided above, the Chargor shall, to the extent it may do so by law or pursuant to the provisions of the document or interest referred to therein, hold all right, title, estate, interest and benefit to be derived from the applicable contracts, agreements, licenses, leases or permits in trust for the Holder (including, without limitation, the Chargor's beneficial interest in any contract, agreement, license, lease or permit which may be held in trust for the Chargor by a third party) as additional security for payment of the obligations secured and shall, upon the occurrence of an Event of Default that is continuing deliver up all such right, title, interest and benefit to the Holder, forthwith upon demand by the Holder.

12. Holder Not To Be Obligated

The Holder will not be liable to the Chargor or any other person for any failure or delay in exercising any of the rights of the Holder under this Debenture (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Property, or to preserve rights against prior parties). Neither the Holder, nor any receiver or agent of the Holder, is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other persons under any Property in its possession. Neither the Holder nor any receiver or agent will be liable for any, and the Chargor will bear the full risk of all, loss or damage to any and all of the Property (including any Property in the possession of the Holder or any receiver or agent) caused for any reason other than the gross negligence or wilful misconduct of the Holder or such receiver or agent. Nothing herein contained shall have the effect of making the Holder responsible for the collection of any accounts or rents or any part thereof or for the performance of any obligations, covenants, terms or conditions in favour of any lessee or in favour of any party to any other agreement or contract with the Chargor or to whom the Chargor may be otherwise obligated. The Holder shall be liable to account only for such moneys as may actually come into its hands, and any such moneys when received by it may be applied on account of any of the Principal Sum, interest and other amounts secured hereby. The Holder shall not be, by reason of the assignment provisions of this Debenture or the exercise of any right granted herein, responsible for any act committed by the Chargor or any breach or failure to perform by the Chargor with respect to any of the Assigned Benefits. The Holder shall not be liable for and no credit shall be given in respect of any uncollected rents or other uncollected amounts. The Holder shall not be liable to any lessee or other party for the return of any security deposit made

under any lease or contract unless the Holder shall have actually received such security deposit. The Holder shall not be deemed by virtue only of the grant of this Debenture, the exercise by the Holder of its rights under the assignment provisions of this Debenture, or the assumption of certain obligations of the Chargor after an Event of Default, to be a mortgagee in possession of the Property or any portion thereof. The Holder will have no obligation or liability under any account or monetary obligation (an “**Account**”), or any agreement, contract, lease or other document comprising the Property (each a “**Contract**”) giving rise thereto, by reason of or arising out of this Debenture or the receipt by the Holder of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Holder will not be obligated in any manner to perform any of the obligations of the Chargor under or pursuant to any Account (or any Contract giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any Contract giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time. Care, control and management of the Property shall remain and be deemed to be with the Chargor in the absence of clear and unequivocal action by the Holder depriving the Chargor of such care, control and management and the assumption thereof by the Holder or any receiver or agent. No credit shall be given by the Holder for any sum or sums collected in respect of the rents or other amounts, until the money collected is actually received by the Holder at the address provided herein, nor shall credit be given for any rent or other amounts after the Holder obtains ownership of the Property or part thereof under court order or by operation of law.

13. Events of Default

The Principal Sum, interest and all other obligations secured shall become immediately payable and the security hereby constituted shall become enforceable upon the occurrence of an Event of Default and shall be enforceable for so long as such Event of Default is continuing.

14. Waiver of Default

The Holder may by notice to the Chargor waive in whole or in part any default of the Chargor on such terms and conditions as the Holder may determine, but no such waiver shall be taken to affect any subsequent default or the rights resulting therefrom. No delay by the Holder in the enforcement of its rights under this Debenture shall be deemed to constitute a waiver of a default.

15. Remedies

Upon the occurrence and during the continuance of an Event of Default, the Holder may proceed to realize upon the security hereby constituted and to enforce its rights:

- (a) by written notice to the Chargor, declaring the obligations secured to be immediately due and payable;
- (b) immediately and without notice by entry, with the right to have, hold, use, occupy, possess, disable, remove and enjoy the Property or any part thereof without the let, suit, hindrance, interruption or denial of the Chargor, its successors or assigns;

- (c) by entry, with the right to make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Owned Real Property or any part thereof, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Property or any part thereof as it may deem expedient, and all reasonable costs, charges and expenses, including allowances for the time and service of any employee of the Holder or other person appointed for the above purposes shall be added to the Principal Sum and shall be secured hereby and payable forthwith together with interest thereon calculated at the rate and at the times and in the manner provided for herein for interest arrears on the Principal Sum;
- (d) by the appointment, by an instrument in writing, of any person or persons, whether an officer or officers or an employee or employees of the Holder or not, as a receiver or receivers of all or any part of the Property, and the Holder may remove any receiver or receivers so appointed and appoint another or others in its or their stead;
- (e) exercise those remedies provided for under the provisions of Section 20 or other sale permitted at law;
- (f) by proceedings in any court of competent jurisdiction for the appointment of one or more receivers under any applicable law;
- (g) proceed in any court of competent jurisdiction for foreclosure and/or judicial sale of all or any part of the Property;
- (h) in such other manner as is permitted by the Credit Agreement;
- (i) by any other action, suit, proceeding or other remedy authorized or permitted by law or by equity;
- (j) in connection with any assigned rights and benefits under Sections 4(b) and 4(c) (“**Assigned Benefits**”), the Holder may:
 - (i) give to any lessee or other person from whom the Holder would have been entitled to receive or claim any benefit under the Assigned Benefits in question (herein called the “**Other Parties**” or “**Other Party**”) express notice in writing of this assignment and thereafter the Holder shall be entitled to the benefit of subsection 53(1) of the *Conveyancing and Law of Property Act* (Ontario) or other similar applicable legislation. The Holder may, after giving such notice, deal with the Other Party or Other Parties in respect of the Assigned Benefits without reference to or consent of the Chargor, as if the Holder were the absolute owner of the Assigned Benefits;
 - (ii) give notice to any Other Party to pay rents to the Holder and otherwise honour the rights of the Holder under this assignment. The Chargor agrees that any Other Party may rely upon any notice given by the Holder or on its behalf;

- (iii) at its option, assume or perform any such obligations as the Holder considers necessary or desirable to obtain the benefit of the Assigned Benefits, free of any set-off, deduction or abatement, and any money reasonably expended by the Holder in this regard shall form part of and be deemed to form part of the obligations secured and bear interest at the rate stipulated in this Debenture provided that it is expressly acknowledged and agreed that nothing herein contained shall oblige the Holder to assume or perform any obligation of the Chargor to any third party in respect of or arising out of the Assigned Benefits or any of them;
- (k) retain and administer the Property in the Holder's sole and unfettered discretion;
- (l) the Holder on its own account or through a receiver and whether alone or in conjunction with the exercise of all or any other remedies contemplated by this Debenture, shall have the right, at any time, to notify and direct Account Debtors and any Person obligated to the Chargor under a promissory note or bill of exchange to make all payments whatever to the Holder and the Holder shall have the right, at any time, to hold all amounts acquired from any Account Debtors and any Person obligated to the Chargor under a promissory note or bill of exchange and any Proceeds as part of the Property. Upon the occurrence and during the continuance of an Event of Default any payments received by the Chargor shall be held by the Chargor in trust for the Holder in the same medium in which received, shall not be commingled with any assets of the Chargor and shall, at the request of the Holder be turned over to the Holder not later than the next Business Day following the day of their receipt; and
- (m) pay any Liens or other claims that may exist or be threatened against the Property, and any amount so paid together with costs, charges and expenses incurred shall be added to the obligations secured.

16. Possession of Property

Where any Property is in the possession of the Holder or any receiver or agent:

- (a) the Holder shall only have the duty of care with respect to such Property as would a reasonable and prudent owner, including the duty to use reasonable care in the custody and preservation thereof, provided that the Holder need not take any steps of any nature to defend or preserve the rights of the Chargor therein against the claims or demands of others or to preserve rights therein against prior parties; and
- (b) the Holder or any receiver or agent may, at any time following the occurrence and during the continuance of an Event of Default, use such Property in any manner and to such extent as it deems necessary or desirable.

17. Deficiency

Without limiting any rights the Chargor may have at law, the Chargor shall be liable to pay any deficiency in the obligations secured hereunder that are remaining after the sale or disposition of the Property.

18. Remedies Cumulative

No remedy for the realization of the security hereby constituted or for the enforcement of the rights of the Holder shall be exclusive of or dependent upon any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

19. Receiver

Subject to the provisions of any instrument in writing appointing a receiver or receivers, upon the appointment hereunder of a receiver of the Property or any part thereof, the following provisions shall apply:

- (a) Every such receiver shall have unlimited access to the Property as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority to, without limitation:
 - (i) take possession of the Property or any part thereof;
 - (ii) carry on or concur in carrying on the business of the Chargor;
 - (iii) collect all Revenues owing or earned in respect of the Owned Real Property and collect the rents and profits from leases and tenancies whether created before or after the date hereof;
 - (iv) lease or concur in leasing any portion of the Property which may become vacant on such terms and conditions as it considers advisable and enter into and execute leases, accept surrenders and terminate leases;
 - (v) complete the construction of any building or buildings or other erections or improvements on the Property left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;
 - (vi) insure, manage, operate, repair, alter or extend the Property; and
 - (vii) sell, lease or otherwise dispose of all or any part of the Property, and the Chargor undertakes to ratify and confirm whatever any such receiver may do with respect to the Property.

- (b) The Holder may at its discretion vest the receiver with all or any of the rights and powers of the Holder.
- (c) The Holder may fix the remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Property.
- (d) Every such receiver shall be deemed the agent or attorney of the Chargor and not the agent of the Holder, and the Holder shall not be in any way responsible for the acts or omissions of any such receiver.
- (e) The appointment of any such receiver by the Holder shall not result in or create any liability or obligation on the part of the Holder to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Holder a mortgagee in possession or responsible as such.
- (f) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by it in respect of the Property, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:
 - (i) its remuneration as aforesaid;
 - (ii) all costs and expenses of every nature and kind incurred by it in connection with the exercise of its powers and authority hereby conferred;
 - (iii) interest, principal and other money which may, from time to time, be or become charged upon the Property in priority to this Debenture, including taxes;
 - (iv) to the Holder all interest, the Principal Sum and other monies constituting obligations secured that are due in such order as the Holder in its discretion shall determine; and
 - (v) and thereafter, every such receiver shall be accountable to the Chargor for any surplus as required by applicable law.

The reasonable remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Property and shall bear interest from the date of demand at the same rate as applies to the Principal Sum hereby secured.

- (g) Every such receiver may, with the consent in writing of the Holder, borrow money for the purpose of maintaining, protecting or preserving the Property or any part thereof, or for the purpose of carrying on the business of the Chargor in respect of the Property, and any receiver may issue certificates (in this sub clause called “**receiver’s certificates**”) for such sums as will, in the opinion of the Holder, be sufficient for obtaining security upon the Property or any part thereof for the

amounts from time to time so required by the receiver, and such receiver's certificate may be payable either to order or to bearer and may be payable at such time or times, and shall bear such interest as the Holder may approve and the receiver may sell, pledge or otherwise dispose of the receiver's certificates in such manner and may pay such commission on the sale thereof, as the Holder may consider reasonable, and the amounts from time to time payable by virtue of such receiver's certificates shall form a charge upon the Property in priority to the amounts secured under this Debenture.

- (h) Save as to claims for accounting to which the Chargor is entitled under applicable law pursuant to clause (f) above, the Chargor hereby releases and discharges any such receiver from every claim of every nature, whether in damages or not which may arise or be caused to the Chargor or any person claiming through or under it by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of wilful misconduct, gross negligence, dishonesty or fraud.
- (i) The Holder may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver.
- (j) The statutory declaration of an officer of the Holder as to the occurrence of an Event of Default, under the provisions of this Debenture and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.
- (k) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Holder may have.

20. Sales

Upon the obligations secured hereby constituted becoming enforceable and the Holder making demand hereunder:

- (a) **Method of Sale** – The Holder may, upon the expiry of any applicable notice period, either before or after any entry, sell and dispose of the Property or any part thereof including, without limitation, any rents and profits thereof either as a whole or in separate parcels, at public auction or by tender or by private sale at such time or times as the Holder may determine, and may make such sale either for cash or credit or part cash and part credit, and with or without advertisement, and upon such conditions as to upset price and with or without a reserve bid as the Holder may deem proper.
- (b) **Rescission and Resale** – The Holder may rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred

hereunder and adjourn any such sale from time to time without being answerable for any loss occasioned by such sale or by any postponement thereof.

- (c) **Deeds** – The Holder may execute and deliver to the purchaser or purchasers of the Property or any part thereof good and sufficient deeds, assurances and conveyances for the same, the Holder being hereby constituted the irrevocable attorney of the Chargor for the purpose of making such sale and executing such deeds, assurances and conveyances.
- (d) **Sale, Bars, Claims through Chargor** – Any such sale made as aforesaid shall be a perpetual bar, both in law and in equity, against the Chargor and all other persons claiming an interest in the Property or any part thereof, by, from, through or under the Chargor.
- (e) **Sale Proceeds** – In the case of a sale for cash or credit, or part cash and part credit, the Holder shall be bound to pay to the Chargor only such moneys as have been actually received from purchasers after the satisfaction of all claims of the Holder including payment of any costs, charges and expenses (including without limitation all solicitors' fees on a substantial indemnity basis, or solicitor and client basis, as applicable) reasonably incurred by the Holder in the taking, recovering, collecting, realising on, keeping possession of, and any sale of, the Property.

21. Prior Encumbrances and Expenses

If an Event of Default has occurred and is continuing, the Holder may pay the amount of any Lien now or hereafter existing, or to arise or to be claimed upon the Property having priority over this Debenture, including any taxes, utility charges or other rates on the Property, or any of them, and may pay all reasonable costs, charges and expenses (other than any such costs, charges and expenses arising as a result of the gross negligence or wilful misconduct of the Holder) and all reasonable solicitors' fees on a substantial indemnity basis, which may be incurred in taking, recovering and keeping possession of the Property, or in protecting, repairing, restoring or preserving the Property, and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize upon the security created in this Debenture, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor hereunder whether any action or any judicial proceedings to enforce such payments has been taken or not. The amount so paid shall be added to the debt hereby secured and be a charge on the Property and shall bear interest at the rate aforesaid, and shall be payable forthwith by the Chargor to the Holder. In the event of the Holder paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, the Holder shall be entitled to all the rights, equities and securities of the Chargor as against the person or persons, company, corporation, or governmental authority so paid.

22. No Set-Off, etc.

The Principal Sum, interest and other amounts hereby secured will be paid and shall be assignable in accordance with the terms of the Credit Agreement free from any right of set-off or counterclaim or equities between the Chargor and the Holder or any other person or persons.

23. No Merger

The taking of a judgment or judgments under any of the covenants in this Debenture shall not operate as a merger of the covenant or affect any other right of the Holder under this Debenture or otherwise.

24. Encumbrance in Addition, etc.

This Debenture is in addition to and not in substitution for any other security now or hereafter held by the Holder or any other person. Notwithstanding any other provision hereof, any payments to the Holder shall be appropriated by the Holder subject to and in accordance with the provisions of the Credit Agreement. The taking of any action or proceedings or refraining from so doing, or any other dealing with any other security for the monies secured hereby, shall not release or affect the charge of this Debenture and the taking of the security hereby granted or any proceedings hereunder for the realization of the security hereby granted and shall not release or affect any other security held by the Holder for the monies hereby secured.

25. Pledge of Debenture

This Debenture at any time and from time to time may be assigned, transferred, pledged, hypothecated, lodged, deposited or delivered by the Chargor to the Holder as security for the obligations secured and in such event this Debenture shall not be deemed to have been discharged or redeemed or the amounts payable hereunder to have been satisfied or reduced by reason of the account of the Chargor having ceased to be in debit while this Debenture remained so assigned, transferred, pledged, hypothecated, lodged, deposited or delivered.

26. Demand Debenture

For greater certainty all amounts payable under this Debenture are payable on demand upon the occurrence of an Event of Default which is continuing.

27. Quiet Possession

Subject to the provisions of the Credit Agreement, until an Event of Default has occurred, it shall be lawful for the Chargor to peaceably and quietly have, hold, use, occupy, possess and enjoy the Property, and receive and take the rents and profits thereof for its own use and benefit, without let, suit, hindrance, interruption or denial by the Holder, or any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for it, them or any or either of them. If any Event of Default has occurred and is continuing, subject to applicable laws the Holder may peaceably and quietly enter into and hold and occupy the Property without hindrance, interference or denial of the Chargor or of anyone claiming under it or of any prior encumbrances whatsoever, except Permitted Liens.

28. No Obligation to Advance

Neither the execution and delivery nor the registration of this Debenture shall for any reason whatsoever obligate or bind the Holder or any secured party to advance any monies, or, having advanced a portion, obligate the Holder or any secured party in any way to advance the balance thereof; but nevertheless the charge shall take effect forthwith upon execution of this Debenture and shall operate as security for the actual amount of all the debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Chargor to the Holder under the Credit Agreement, the other Loan Documents and otherwise owing under this Debenture.

29. After-Acquired Property

The Chargor covenants and agrees that, if and to the extent that any of its right, title, estate and interest in any of the Property is not acquired until after delivery of this Debenture, this Debenture shall nonetheless apply thereto and the mortgages, charges, assignments, transfers, pledges and security interests in favour of the Holder hereby created shall attach to such Property, subject to Sections 4 and 10, at the same time as the Chargor acquires rights therein, without the necessity of any further mortgage, charge, pledge, assignment, transfer, grant of security interest or assurance. The Chargor covenants and agrees to take such actions and execute such further and other documentation and/or instruments in respect of any after-acquired property at such time or times and in such form and manner as the Holder may reasonably request.

30. Indemnity

The Chargor agrees to indemnify the Holder against and hold the Holder harmless from any and all losses, claims, cost recovery actions, damages, expenses and liabilities of whatsoever nature or kind and all reasonable out-of-pocket expenses (including reasonable fees, charges and, subject to the limitation referred to in Section 8.3(1)(a) of the Credit Agreement, disbursements of counsel) and all applicable taxes, to which the Holder may become subject arising out of or in connection with (a) the execution or delivery of this Debenture, the performance by the Chargor of its obligations hereunder, and the consummation of any transactions hereunder, (b) any other aspect of this Debenture, or (c) the enforcement of the Holder's rights hereunder and any related assessment, investigation, defence, preparation of defence, litigation and enquiries; provided that such indemnity shall not be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or wilful misconduct of or material breach of the Credit Agreement by the Holder.

31. Conflicts

This Debenture is being entered into pursuant to the Credit Agreement. In the event of any conflict, inconsistency, ambiguity or difference between the terms of this Debenture and the terms of the Credit Agreement, the terms of the Credit Agreement shall govern and be paramount to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference. Notwithstanding the foregoing, if there is any right or remedy of the Holder set out in this Debenture or any part

hereof which is not set out or provided for in the Credit Agreement, such additional right or remedy shall not constitute a conflict or inconsistency and the Holder shall, notwithstanding this Section 31, be entitled to exercise such rights and enforce such remedies. Without limiting the foregoing, notwithstanding the principal amount stated herein, the interest rate specified and the payment date of such interest set out in this Debenture, the principal amount due, the interest rate specified and the time for payment hereunder shall be in accordance with the terms of the Credit Agreement.

32. Extension of Time/Forbearance

The Holder will not be obliged to exhaust its recourse against the Chargor or any other person or against any other security it may hold in respect of the obligations secured before realizing upon or otherwise dealing with the Property in such manner as the Holder may consider desirable. The Holder may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Property to third parties and otherwise deal with the Chargor's guarantors or sureties and others and with the Property as the Holder may see fit without prejudice to the obligations secured or the Holder's rights, remedies and powers under this Debenture. No extension of time, forbearance, indulgence or other accommodation now, previously or hereafter given by the Holder to the Chargor shall operate as a waiver, alteration or amendment of the Holder's rights or to otherwise preclude the Holder from enforcing such rights.

33. Power of Attorney

After an Event of Default has occurred and during its continuance, the Chargor hereby irrevocably nominates, constitutes and appoints each officer or director of the Holder from time to time, or of any receiver appointed (as agent of the Chargor) as provided for in this Debenture, as the true and lawful attorney of the Chargor with full power of substitution in the name of the Chargor to do all such acts and things, to deal with the Property, and to execute and deliver all such deeds, transfers, leases, contracts, agreements and other documents or instruments on its behalf and in its place (and the same shall bind the Chargor and have the same effect as if such documents were executed by the Chargor) and with the right to use the name of the Chargor, whenever and wherever it may be deemed necessary or expedient in the sole discretion of the Holder, in connection with carrying out the provisions of this Debenture or the exercise of the rights and remedies set forth in this Debenture. The Chargor hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with the terms hereof. The power of attorney granted in this Section 33 may only be exercised following an Event of Default. The Chargor hereby declares that the irrevocable power of attorney granted hereby, being coupled with an interest in favour of the Holder, is given for valuable consideration and shall remain in full force and effect until this Debenture is discharged in accordance with the terms of this Debenture.

34. Revolving Credit

It is acknowledged and agreed that this Debenture may secure, *inter alia*, from time to time, revolving lines of credit and shall not be considered to have been satisfied or discharged by any intermediate payment of the whole or part of the obligations secured. This Debenture secures all of the obligations secured, including all advances and re-advances made under revolving lines of credit.

35. Statutory Waivers

To the fullest extent permitted by law, the Chargor waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the powers, rights or remedies of a lender or upon the methods of realization of security, including any seize or sue or anti deficiency statute or any similar provisions of any other statute.

36. Provisions Reasonable

Each party hereto acknowledges and declares that it has entered into this Debenture freely and of its own will. In particular, each party hereto acknowledges that this Debenture was freely negotiated by the Chargor and the Holder in good faith, that this Debenture does not constitute a contract of adhesion, that there was no exploitation of the Chargor by the Holder, and that there is no disproportion between the consideration provided by the Holder and that provided by the Chargor.

37. Notice

Any notice, consent, demand, approval or other communication required or permitted to be given in connection with this Debenture shall be in writing and shall be sufficiently given if given in accordance with the Credit Agreement.

38. Further Assurances

At any time and all times the Chargor will do, execute, acknowledge and deliver or will cause to be done, executed, acknowledged and delivered all such further acts, deeds, conveyances, mortgages, transfers and assurances in law as the Holder shall reasonably require for the purpose of giving the Holder a valid mortgage, charge or security of the nature herein specified upon all property intended to be covered hereby, and for the better assuring, conveying, mortgaging, assigning, confirmation or charging unto the Holder all and singular the hereditament and premises, estates and property hereby mortgaged and charged, or intended so to be, in favour of the Holder.

39. Registration

The Holder shall have the right at any time and without notice to cause this Debenture or notice thereof to be registered or filed in any office of public record where the Holder considers it necessary.

40. References

All references to articles, sections, subsections, paragraphs, subparagraphs, clauses and schedules unless otherwise specified are to articles, sections, subsections, paragraphs, subparagraphs and clauses of and schedules to this Debenture.

41. Headings

The insertion of headings is for convenience of reference only and shall not affect the interpretation of this Debenture.

42. Number and Gender

Words importing the singular include the plural and vice versa and words importing gender include all genders.

43. Governing Law

This Debenture shall be governed in all respects by the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract save in respect of the security created pursuant hereto upon: (i) real property situate in any province of Canada other than Ontario, which shall be governed by the laws of the province in which such property is situate, and (ii) personal property, to the extent that any laws of any other province apply as a result of the application of conflict of laws rules.

44. Currency

Except where otherwise expressly provided in this Debenture, all amounts in this Debenture are stated and shall be paid in the lawful currency of Canada.

45. Amendment

No amendment of this Debenture shall be binding unless in writing and signed by the parties.

46. Severable

If any provision of this Debenture is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected.

47. Successors and Assigns

This Debenture shall be binding upon and enure to the benefit of the parties and their respective heirs, executors, administrators, successors and permitted assigns, all assignments to be in accordance with the provisions of the Credit Agreement. Subject to the provisions of the Credit Agreement, the Holder may assign, transfer and deliver to any transferee of the obligations secured, or any part thereof, the liability of the Chargor under this Debenture and any security, documents or instruments held by the Holder in respect of this Debenture and no such assignment, transfer or delivery shall release the Chargor from its liability; thereafter but subject to the provisions of the Credit Agreement, the Holder shall be fully discharged from all responsibility with respect to this Debenture and security, documents and instruments so assigned, transferred or delivered and the permitted transferee shall be vested with the powers and rights of the Holder under this Debenture and under the security, documents or instruments assigned, transferred or delivered. The Holder, however, shall retain all powers and rights with respect to any security, documents or instruments not assigned, transferred or delivered.

48. Insurance Act Waiver

In the event that the proceeds of any insurance are applied to the payment of the obligations secured, the Chargor hereby irrevocably waives any and all statutory provisions which may require that proceeds of insurance be used to restore or rebuild the Owned Real Property.

49. Limited Recourse

The Holder acknowledges and agrees that notwithstanding any other provision hereof, the only remedy that the Holder shall have against the Chargor in the event of non-payment by the Chargor of the obligations secured is to realize upon the Property. For greater certainty, it is hereby declared that the Holder shall in no circumstance have any right of payment from the Chargor hereunder independent of the foregoing, and the Chargor shall not be liable to the Holder for any deficiency hereunder resulting from any such realization or otherwise.

50. Receipt of Copy

The Chargor acknowledges receipt of a copy of this Debenture and hereby expressly waives the right to receive a copy of any financing statement or a copy of the statement confirming the registration of any financing statement that may be registered in connection with any security interest created under this Debenture.

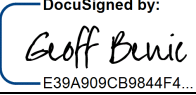
51. Discharge

Upon full and final payment and performance of the Obligations and permanent cancellation of the Commitment, the Holder shall upon request in writing by the Chargor deliver up this Debenture to the Chargor and shall at the expense of the Chargor cancel and discharge the Security Interests and execute and deliver to the Chargor such documents as shall be requisite to discharge the Security Interests. Any execution and delivery of documents pursuant to this Section 51 shall be without recourse to or warranty by the Holder.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF the Chargor has caused this Debenture to be executed as of the date first written above.

ALEAFIA FARMS INC.

By: 
Name: Geoffrey M. Benic
Title: President

By: 
Name: Greg Rossi
Title: Secretary

I/We have authority to bind the Chargor.

SCHEDULE 4(a)

Legal Description of Owned Real Property

Municipal Address	PIN	Legal Description
378 South Service Road, Grimsby, Ontario	PIN 46033-0368 (LT)	1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY

SCHEDULE 6

DEFINITIONS

In the attached Debenture, terms used but not otherwise defined therein that are defined in the Credit Agreement shall have the meanings given to them in the Credit Agreement, and the following terms shall have the following meanings:

- (i) “**Account**” has the meaning given to it in Section 12.
- (ii) “**Account Debtor**” means any Person who becomes obligated to the Chargor under, with respect to, or on account of, an Account.
- (iii) “**Act**” means the *Personal Property Security Act* (Ontario).
- (iv) “**Assigned Benefits**” has the meaning given to it in Section 15(j).
- (v) “**Charged Property**” means the property subject to the floating charge contained in Section 4(d).
- (vi) “**Chargor**” has the meaning given to it in Section 1.
- (vii) “**Contract**” has the meaning given to it in Section 12.
- (viii) “**Credit Agreement**” means the credit agreement dated as of August 20, 2021 between Aleafia Health Inc., as borrower, and the Holder, as lender, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time.
- (ix) “**Holder**” has the meaning given to it in Section 1.
- (x) “**Mortgaged Property**” means the property and assets subject to the fixed and specific mortgage (including the mortgage by way of sublease), charge pledge, grant, assignment, transfer, hypothecation and security interest contained in Sections 4(a), 4(b) and 4(c) of this Debenture.
- (xi) “**obligations secured**” has the meaning given to it in Section 3.
- (xii) “**Other Parties**” or “**Other Party**” has the meaning given to it in Section 15(j)(i).
- (xiii) “**Owned Real Property**” has the meaning given to it in Section 4(a).
- (xiv) “**Principal Sum**” means \$20,000,000.00 in lawful money of Canada.
- (xv) “**Proceeds**” means all proceeds and personal property in any form derived directly or indirectly from any dealing with all or any part of the Property and any insurance or payment that indemnifies or compensates for such property lost, damaged or destroyed, and proceeds of proceeds and any part of any such proceeds.
- (xvi) “**Property**” means the Charged Property and the Mortgaged Property.

- (xvii) “**receiver**” means an interim receiver, a receiver, a manager or a receiver and manager.
- (xviii) “**receiver’s certificates**” has the meaning given to it in Section 19(g).
- (xix) “**Revenues**” means all rents, revenues, income, insurance proceeds, expropriation proceeds, other proceeds in any form and other monies to which the Chargor may from time to time be entitled from all sources including all income and proceeds (whether in cash or on credit or in any other form) received or receivable by or on behalf of the Chargor.
- (xx) “**Security Interests**” has the meaning given to it in Section 4.
- (xxi) “**Third Party Leases**” has the meaning given to it in Section 4(c)(i).

Properties

PIN 46033 - 0368 LT *Interest/Estate* Fee Simple
Description 1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY
Address 378 SOUTH SERVICE RD
 GRIMSBY

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name ALEAFIA FARMS INC.
Address for Service 85 Basaltic Road, Concord, ON L4K 1G4
 A person or persons with authority to bind the corporation has/have consented to the registration of this document.
 This document is not authorized under Power of Attorney by this party.

Chargee(s)**Capacity****Share**

Name NEXT EDGE GENERAL PARTNER (ONATRIO) INC. *Capacity* General Partner
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, ON M5C 2V6

I am a general partner, the firm name of the Limited Partnership is NE SPC II LP.

Statements

Schedule: See Schedules

Provisions

Principal \$19,000,000.00 *Currency* CDN
Calculation Period
Balance Due Date On Demand
Interest Rate 25% per annum
Payments
Interest Adjustment Date
Payment Date On Demand
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor

Signed By

Denise Borzi 5000 Yonge Street, 10th Floor acting for Signed 2021 12 24
 Toronto Chargor(s)
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

CHAITONS LLP 5000 Yonge Street, 10th Floor 2021 12 24
 Toronto
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

Fees/Taxes/Payment

Statutory Registration Fee	\$66.30
Total Paid	\$66.30

SCHEDULE "A" – ADDITIONAL PROVISIONS

COLLATERAL MORTGAGE

This charge/mortgage of land (the "**Charge**") is collateral security for all present and future obligations and liabilities of Aleafia Farms Inc. (the "**Chargor**"), Aleafia Health Inc. and Emblem Cannabis Corporation to NE SPC II LP (the "**Chargee**") under, in connection with or with respect to the loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") among, *inter alia*, the Chargor and the Chargee.

STANDARD CHARGE TERMS

In the event of any inconsistency between the terms of this schedule to the Charge and the terms of standard charge terms number 200033, the terms of this schedule to the Charge shall prevail and the inclusion of any term in standard charge terms number 200033 that is not set out in this schedule to the Charge shall not be an inconsistency and shall be valid and enforceable in accordance with its terms.

In the event of any conflict or inconsistency between the provisions of this Charge or the terms of standard charge terms number 200033 and the provisions of the Loan Agreement then, notwithstanding anything contained in this Charge or the terms of standard charge terms number 200033, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Charge or the terms of standard charge terms number 200033 shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in in this Charge or the terms of standard charge terms number 200033, which is not contained in the Loan Agreement, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

Section 16 of Standard charge terms number 200033 is hereby deleted and replaced with the following:

16. The Chargor will insure and during the continuance of the Charge keep insured the buildings on the land in accordance with the provisions contained in the Loan Agreement.

NO SUBSEQUENT ENCUMBRANCES

The Chargor shall not without the Chargee's prior written consent, or except in accordance with the Loan Agreement, obtain secondary or subsequent financing, or charge or encumber the property secured hereby or any part thereof (the "**Property**") or interest therein or permit any lien or charge thereon.

DUE ON SALE AND SUBSEQUENT ENCUMBRANCES

If the Chargor sells, conveys, transfers or enters into any agreement of sale or transfer of the title of the Property or further encumbers of any of the Property (other than in accordance with the Loan Agreement) without the written consent of the Chargee, at any time while any amount secured by this Charge remains unpaid and outstanding, the balance of the principal then outstanding and all amounts secured by this Charge shall, at the option of the Chargee, become immediately due and payable.

DEFAULT

The Chargor covenants and agrees that an Event of Default (as defined in the Loan Agreement) shall constitute concurrent default under this Charge and upon the occurrence of an Event of Default, the Chargee shall be entitled to exercise any and all remedies available to it pursuant to this Charge, and with respect to any or all of the Property.

RECEIVER

Upon the occurrence of an Event of Default, this Charge or any security or any document submitted to the Chargee in connection therewith, the Chargee may, in its discretion, by writing appoint a receiver (which term shall include a receiver and manager) (a "**Receiver**") of the Property or any part of it and of the rents and profits from it and may from time to time remove any Receiver and appoint another in his place, and in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor unless the Chargee indicates in writing a contrary intention. The following provisions shall apply in respect of the appointment of any Receiver:

- (a) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Property or any part of it;
- (b) such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee and shall have the power to borrow on the security of the Property;
- (c) the Chargee may from time to time fix the remuneration of such Receiver and direct the payment of such remuneration from out of the proceeds of the Property;
- (d) such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or

- consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever;
- (e) such Receiver shall from time to time have the power to collect, realize, sell or otherwise deal with the Property in such manner, upon such terms and conditions and at such time or times as may seem to the Receiver to be advisable and without notice to the Chargor;
 - (f) such Receiver shall from time to time have the power to lease any portion of the Property which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient and, in so doing, such Receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent of the Chargee) and such Receiver shall have authority to execute, under seal or otherwise, any leases of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Property; and
 - (g) such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part of it in the name of the Chargor for the purpose of securing the payment of rental from the Property or any part of it, including the power to:
 - (i) take proceedings in the name of the Chargor or otherwise and to make any arrangement or compromise;
 - (ii) borrow or raise money on all or any part of the Property in priority to this Charge or otherwise for such purposes as may be approved by the Chargee;
 - (iii) give any and all notices to be given by the Chargor under any leases and exercise any and all rights of the Chargor under them;
 - (iv) do or cause to be done any and all acts and things under any lease and adjust and settle all matters relating to such performance; and
 - (v) institute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of the Property, defend all suits, proceedings and actions against the Chargor or the Receiver, appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and appeal any suit, proceeding or action.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Property in the same manner as if such documentation was duly executed by the Chargor itself.

Properties

PIN 46033 - 0368 LT
Description 1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY
Address 378 SOUTH SERVICE RD
 GRIMSBY

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name ALEAFIA FARMS INC.
Address for Service 85 Basaltic Road, Concord, ON L4K 1G4
 A person or persons with authority to bind the corporation has/have consented to the registration of this document.
 This document is not authorized under Power of Attorney by this party.

Party To(s)**Capacity****Share**

Name NEXT EDGE GENERAL PARTNER (ONTARIO) INC. General Partner
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, ON M5C 2V6

I am a general partner, the firm name of the Limited Partnership is NE SPC II LP.

Statements

The applicant applies for the entry of a notice of general assignment of rents.
 This notice may be deleted by the Land Registrar when the registered instrument, NR600589 registered on 2021/12/24 to which this notice relates is deleted
 Schedule: See Schedules

Signed By

Denise Borzi 5000 Yonge Street, 10th Floor acting for Signed 2021 12 24
 Toronto Applicant(s)
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of all parties to the document.

Denise Borzi 5000 Yonge Street, 10th Floor acting for Signed 2021 12 24
 Toronto Party To(s)
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

CHAITONS LLP 5000 Yonge Street, 10th Floor 2021 12 24
 Toronto
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

Fees/Taxes/Payment

Statutory Registration Fee \$66.30

Total Paid \$66.30

GENERAL ASSIGNMENT OF RENTS

THIS ASSIGNMENT made this 24th day of December, 2021.

B E T W E E N:

ALEAFIA FARMS INC.

hereinafter called the "Assignor"

- and -

NE SPC II LP

hereinafter called the "Assignee"

FOR VALUE RECEIVED, the Assignor doth hereby assigns to the Assignee, all rights, privileges, advantages and benefits whatsoever, including all rental and other income, arising pursuant to leases and/or agreements to lease and/or tenancies (herein referred to as the "Leases") now or hereafter affecting the lands and premises more particularly described in the Notice of Assignment of Rents attached hereto.

This Assignment is given as additional security for the payment of the sum of TWO DOLLARS (\$2.00) and all other sums secured by a charge between the Assignor, as chargor, and the Assignee, as chargee, charging the premises of which those demised in the Leases form all or part and which charge is herein referred to as the "Charge". The registration particulars of the Charge are described in the Notice of Assignment of Rents – General attached hereto. The security of this Assignment is and shall be primary and on a parity with the real estate conveyed by the Charge and not secondary. All amounts collected hereunder, after deducting the expense of collection, shall be applied on account of the indebtedness secured by the Charge, or in such other manner as may be provided in the Charge. Nothing herein contained shall be construed as constituting the Assignee as trustee, mortgagee or chargee in possession.

The Assignor does hereby empower the Assignee, its agents or attorneys, to collect, sue for, settle, compromise and give acquittances for all of the rents that may become due under the Leases and avail itself of and pursue all remedies for the enforcement of the Leases and the Assignor's rights in and under the Leases as the Assignor might have pursued but for this Assignment.

The Assignor warrants that the Leases, if any exist, are in full force and effect, and that the copies thereof heretofore delivered to the Assignee are true and correct copies, that the Assignor has not heretofore assigned or pledged the same or any interest therein, and that, to the best of the Assignee's knowledge, no default exists on the part of the lessees thereunder (herein called "the Lessees") or the Assignor, as lessor, in the performance on the part of either, of the terms, covenants, provisions or agreements in the Leases contained; that no rent has been paid by any of the Lessees more than one month in advance (except for security deposits paid in accordance with the Leases), and that, the payment of none of the rents to accrue under the Leases has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by the Assignor directly or indirectly by assuming any Lessee's obligations with respect to other premises.

The Assignor waives any rights of set-off against the Lessees.

The Assignor covenants and agrees:

- (a) that the Leases shall remain in full force and effect irrespective of any merger of the interest of the Lessor and Lessee thereunder; and that it will not transfer or convey the fee title to said premises to any of the Lessees without requiring such Lessees, in writing, to assume and agree to pay the debt secured by the Charge in accordance with the terms covenants and conditions contained in the Charge;
- (b) that if the Leases provided for the abatement of rent during the repair of the demised premises by reason of fire or other casualty, the Assignor shall furnish rental insurance to the Assignee, the policies to be in an amount and form and written by such insurance companies as shall be satisfactory to the Assignee;
- (c) not to terminate or to accept a surrender of any of the Leases without the written consent of the Assignee, such consent not to be unreasonably withheld, and that any attempted termination or acceptance of surrender of the Leases without such written consent shall be null and void;
- (d) not to modify or amend the Leases or any of the terms thereof, or grant any concessions in connection therewith, either orally or in writing, without the written consent of the Assignee, and that any attempted modification or amendments of the Leases or grant of concession in connection therewith without such written consent shall be null and void;

- (e) not to collect any of the rent, income and profits arising or accruing under the Leases in advance of the time when the same become due under the terms thereof;
- (f) not to discount any future accruing rents;
- (g) not to execute any other assignments of the Leases or any interest therein or any of the rents thereunder;
- (h) to perform all of the Assignor's covenants and agreements as lessor under the Leases and not to suffer or permit to occur any release of liability of the Lessees, or any rights to the Lessees to withhold payment of rent; and to give prompt notices to the Assignee of any notice of default on the part of the Assignor with respect to the Leases received from the Lessees, and to furnish the Assignee with complete copies of said notices;
- (i) that all offers to lease and Leases shall be bona fide, the terms of which are to be approved by the Assignee prior to execution, and shall be at rental rates and terms consistent with comparable space in the area of the lands and premises described herein;
- (j) that the Assignor will provide to the Assignee leasing activity reports in respect of the lands and premises herein forthwith on request by the Assignee;
- (k) if so requested by the Assignee, to enforce the Leases and all remedies available to the Assignor against the Lessees, in case of default under the Leases by the Lessees;
- (l) that none of the rights or remedies of the Assignee under the Charge shall be delayed or in any way prejudiced by this Assignment;
- (m) that notwithstanding any variation of the terms of the Charge or any extension of time for payment thereunder, the Leases and benefits hereby assigned shall continue as additional security in accordance with the terms hereof;
- (n) not to alter, modify or change the terms of any guarantees of any of the Leases or cancel or terminate such guarantees without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (o) not to consent to any assignment of the Leases, or any subletting thereunder, whether or not in accordance with their terms, without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (p) not to request, consent to, agree to or accept a subordination of the Leases to any mortgage or other encumbrance now or hereafter affecting the premises;
- (q) not to exercise any right of election, whether specifically set forth in any such Leases or otherwise which would in any way diminish the tenant's liability or have the effect of shortening the stated term of the Leases; and
- (r) to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this Assignment or any notice hereof which may be required and of every renewal related thereto.

Upon any vesting of title to the property secured under the Charge in the Assignee or other party by court order, operation of law, or otherwise or upon delivery of a deed or deeds pursuant to the Assignee's exercise of remedies under the Charge, all right, title and interest of the Assignor in and to the Leases shall by virtue of this Assignment, thereupon vest in and become the absolute property of the party vested with such title or the grantee or grantees in such deed or deeds without any further act or assignment by the Assignor. The Assignor hereby irrevocably appoints Assignee and its successors and assigns, as its agent and attorney in fact, to execute all instruments of assignment or further assurances in favour of such party vested with title or the grantee or grantees. This power is coupled with an interest and is irrevocable until this Assignment is discharged and the security interests created by this Assignment are released.

In the exercise of the powers herein granted to the Assignee, no liability shall be asserted or enforced against the Assignee, all such liability being hereby expressly waived and released by the Assignor. The Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Leases, or under or by reason of this Assignment and the Assignor shall and does hereby agree to indemnify the Assignee for, and to save and hold it harmless of and from, any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Assignee incur any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defence of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, shall be secured hereby, and the Assignor shall reimburse the Assignee therefore immediately upon demand.

Although it is the intention of the parties that this Assignment shall be a present assignment, it is

expressly understood and agreed, anything herein contained to the contrary notwithstanding that the Assignee shall not exercise any of the rights or powers herein conferred upon it until an Event of Default (as defined in the loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time, the "Loan Agreement") shall occur, but upon the occurrence of any such Event of Default, the Assignee shall be entitled, upon notice to the Lessees, to all rents and other amounts then due under the Leases and thereafter accruing, and this Assignment shall constitute a direction to and full authority to the Lessees to pay all such amounts to the Assignee without proof of the default relied upon. The Lessees are hereby irrevocably authorized to rely upon and comply with any notice or demand by the Assignee for the payment to the Assignee of any rental or other sums which may be or thereafter become due under the Leases regardless whether any default under the Charge has actually occurred or is then existing.

This Assignment is intended to be additional to and not in substitution for or in derogation of any assignment of rents contained in the Charge or in any other document. In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the Loan Agreement then, notwithstanding anything contained in this Assignment, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in in this Assignment which is not contained in the Loan Agreement, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment shall include any extensions and renewals of the Leases and any reference herein to the Leases shall be construed as including any such extensions and renewals.

If the Assignor comprises more than one person, all covenants and liabilities entered into, by or imposed upon the Assignor shall be joint and several. Each Assignor, if more than one, is responsible both individually and together with the other Assignor(s) for all obligations of the Assignor to the Assignee pursuant to this Assignment.

This Assignment shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Assignment shall be binding upon and enure to the benefit of the respective successors and assigns of the parties hereto. The words "Assignor", "Assignee" and "Lessees", wherever used herein, and designated as such and their respective heirs, administrators, successors and assigns, and all words and phrases shall be taken to include the singular or plural and masculine, feminine or neuter gender, as may fit the case.

This Assignment may be signed in counterparts and transmitted by electronic transmission. Each counterpart shall be deemed to be an original and all such separate counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Assignor has executed this Assignment as of the date first written above.

ALEAFIA FARMS INC.

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

Properties

PIN 46033 - 0368 LT
Description 1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY
Address 378 SOUTH SERVICE RD
 GRIMSBY

Source Instruments

<i>Registration No.</i>	<i>Date</i>	<i>Type of Instrument</i>
NR591525	2021 10 04	Charge/Mortgage

Party From(s)

Name 1260356 ONTARIO LIMITED
Address for Service 100 Zenway Boulevard
 Woodbridge, Ontario, L4H 2Y7

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Party To(s)

<i>Name</i>	<i>Capacity</i>	<i>Share</i>
NEXT EDGE GENERAL PARTNER (ONTARIO) INC.	General Partner	

Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, ON M5C 2V6

I am a general partner, the firm name of the Limited Partnership is NE SPC II LP.

Statements

The applicant postpones the rights under the selected instrument to the rights under an instrument registered as number NR600589 registered on 2021/12/24

Schedule: The applicant postpones the rights under the selected instrument to all present and future advances (including re-advances) by the charge/mortgage of land registered as instrument no. NR600589.

This document relates to registration number(s)NR600589 and NR600591.

Signed By

Denise Borzi 5000 Yonge Street, 10th Floor acting for Signed 2021 12 24
 Toronto Party From(s)
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of the Party From(s).

Submitted By

CHAITONS LLP 5000 Yonge Street, 10th Floor 2021 12 24
 Toronto
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

Fees/Taxes/Payment

<i>Statutory Registration Fee</i>	\$66.30
<i>Total Paid</i>	\$66.30

Properties

PIN 46033 - 0368 LT *Interest/Estate* Fee Simple
Description 1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY
Address 378 SOUTH SERVICE ROAD
 GRIMSBY

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name ALEAFIA FARMS INC.
Address for Service 85 Basaltic Road
 Concord, Ontario L4K 1G4
 Attention: Chief Executive Officer

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Ave, 8th Floor
 Toronto, ON M5J 2Y1

Provisions

Principal \$100,000,000.00 *Currency* CDN
Calculation Period
Balance Due Date See Schedule
Interest Rate See Schedule
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor

Additional Provisions

See Schedules

Signed By

Elena Yim-Bing Leung 181 Bay St., Suite 1800 acting for Signed 2022 06 27
 Toronto
 M5J 2T9 Chargor(s)

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

AIRD & BERLIS LLP 181 Bay St., Suite 1800 2022 06 27
 Toronto
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

Fees/Taxes/Payment

Statutory Registration Fee	\$66.30
Total Paid	\$66.30

File Number

Chargor Client File Number :	172723-DJM
Chargee Client File Number :	93103.1

SCHEDULE "A" – ADDITIONAL PROVISIONS

COLLATERAL MORTGAGE

Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to Chargee, in its capacity as trustee, and on behalf of the Debentureholders pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**") between the Borrower and the Chargee.

This charge/mortgage of land (the "**Charge**") is collateral security for all present and future obligations and liabilities of the Chargor to the Chargee under, in connection with or with respect to the A&R Debenture Indenture.

STANDARD CHARGE TERMS AND PARAMOUNTCY

In the event of any inconsistency between the terms of this schedule to the Charge and the terms of standard charge terms number 200033, the terms of this schedule to the Charge shall prevail and the inclusion of any term in standard charge terms number 200033 that is not set out in this schedule to the Charge shall not be an inconsistency and shall be valid and enforceable in accordance with its terms.

In the event of any conflict or inconsistency between the provisions of this Charge or the terms of standard charge terms number 200033 and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Charge or the terms of standard charge terms number 200033, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Charge or the terms of standard charge terms number 200033 shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Charge or the terms of standard charge terms number 200033, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

Section 16 of Standard charge terms number 200033 is hereby deleted and replaced with the following:

16. The Chargor will insure and during the continuance of the Charge keep insured the buildings on the land in accordance with the provisions contained in the A&R Debenture Indenture.

NO SUBSEQUENT ENCUMBRANCES

The Chargor shall not without the Chargee's prior written consent, or except in accordance with the A&R Debenture Indenture, obtain secondary or subsequent financing, or charge or encumber the property secured hereby or any part thereof (the "**Property**") or interest therein or permit any lien or charge thereon.

DUE ON SALE AND SUBSEQUENT ENCUMBRANCES

If the Chargor sells, conveys, transfers or enters into any agreement of sale or transfer of the title of the Property or further encumbers of any of the Property (other than in accordance with the

A&R Debenture Indenture) without the written consent of the Chargee, at any time while any amount secured by this Charge remains unpaid and outstanding, the balance of the principal then outstanding and all amounts secured by this Charge shall, at the option of the Chargee, become immediately due and payable.

DEFAULT

The Chargor covenants and agrees that an Event of Default (as defined in the A&R Debenture Indenture) shall constitute concurrent default under this Charge and upon the occurrence of an Event of Default, the Chargee shall be entitled to exercise any and all remedies available to it pursuant to this Charge, and with respect to any or all of the Property.

RECEIVER

Upon the occurrence of an Event of Default, this Charge or any security or any document submitted to the Chargee in connection therewith, the Chargee may, in its discretion, by writing appoint a receiver (which term shall include a receiver and manager) (a “**Receiver**”) of the Property or any part of it and of the rents and profits from it and may from time to time remove any Receiver and appoint another in his place, and in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor unless the Chargee indicates in writing a contrary intention. The following provisions shall apply in respect of the appointment of any Receiver:

- (a) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Property or any part of it;
- (b) such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee and shall have the power to borrow on the security of the Property;
- (c) the Chargee may from time to time fix the remuneration of such Receiver and direct the payment of such remuneration from out of the proceeds of the Property;
- (d) such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever;
- (e) such Receiver shall from time to time have the power to collect, realize, sell or otherwise deal with the Property in such manner, upon such terms and conditions and at such time or times as may seem to the Receiver to be advisable and without notice to the Chargor;
- (f) such Receiver shall from time to time have the power to lease any portion of the Property which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient and, in so doing, such Receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent of the Chargee) and such Receiver shall have authority to execute, under seal or otherwise, any leases of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Property; and

- (g) such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part of it in the name of the Chargor for the purpose of securing the payment of rental from the Property or any part of it, including the power to:
- (i) take proceedings in the name of the Chargor or otherwise and to make any arrangement or compromise;
 - (ii) borrow or raise money on all or any part of the Property in priority to this Charge or otherwise for such purposes as may be approved by the Chargee;
 - (iii) give any and all notices to be given by the Chargor under any leases and exercise any and all rights of the Chargor under them;
 - (iv) do or cause to be done any and all acts and things under any lease and adjust and settle all matters relating to such performance; and
 - (v) institute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of the Property, defend all suits, proceedings and actions against the Chargor or the Receiver, appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and appeal any suit, proceeding or action.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Property in the same manner as if such documentation was duly executed by the Chargor itself.

Properties

PIN 46033 - 0368 LT
Description 1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY
Address 378 SOUTH SERVICE ROAD
 GRIMSBY

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name ALEAFIA FARMS INC.
Address for Service 85 Basaltic Road
 Concord, Ontario L4K 1G4
 Attention: Chief Executive Officer

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Party To(s)**Capacity****Share**

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Ave, 8th Floor
 Toronto ON M5J 2Y1

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, NR618372 registered on 2022/06/27 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Elena Yim-Bing Leung	181 Bay St., Suite 1800 Toronto M5J 2T9	acting for Applicant(s)	Signed	2022 06 27
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Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Applicant(s).

Elena Yim-Bing Leung	181 Bay St., Suite 1800 Toronto M5J 2T9	acting for Party To(s)	Signed	2022 06 27
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Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Party To(s).

Submitted By

AIRD & BERLIS LLP	181 Bay St., Suite 1800 Toronto M5J 2T9			2022 06 27
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Tel 416-863-1500

Fax 416-863-1515

Fees/Taxes/Payment

Statutory Registration Fee	\$66.30
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Total Paid	\$66.30
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File Number

Party To Client File Number : 93103.1

GENERAL ASSIGNMENT OF RENTS

THIS ASSIGNMENT made this 27th day of June, 2022.

B E T W E E N:

EMBLEM CANNABIS CORPORATION and ALEAFIA FARMS INC.

hereinafter collectively called the "Assignor"

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA

hereinafter called the "Assignee"

WHEREAS Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to the Assignee, in its capacity as trustee, and on behalf of the Debentureholders pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**").

FOR VALUE RECEIVED, the Assignor doth hereby assigns to the Assignee, all rights, privileges, advantages and benefits whatsoever, including all rental and other income, arising pursuant to leases and/or agreements to lease and/or tenancies (herein referred to as the "Leases") now or hereafter affecting the lands and premises more particularly described in the Notice of Assignment of Rents attached hereto.

This Assignment is given as additional security for the payment of the sum of TWO DOLLARS (\$2.00) and all other sums secured by a charge between the Assignor, as chargor, and the Assignee, as chargee, charging the premises of which those demised in the Leases form all or part and which charge is herein referred to as the "Charge". The registration particulars of the Charge are described in the Notice of Assignment of Rents – General attached hereto. The security of this Assignment is and shall be primary and on a parity with the real estate conveyed by the Charge and not secondary. All amounts collected hereunder, after deducting the expense of collection, shall be applied on account of the indebtedness secured by the Charge, or in such other manner as may be provided in the Charge. Nothing herein contained shall be construed as constituting the Assignee as trustee, mortgagee or chargee in possession.

The Assignor does hereby empower the Assignee, its agents or attorneys, to collect, sue for, settle, compromise and give acquittances for all of the rents that may become due under the Leases and avail itself of and pursue all remedies for the enforcement of the Leases and the Assignor's rights in and under the Leases as the Assignor might have pursued but for this Assignment.

The Assignor warrants that the Leases, if any exist, are in full force and effect, and that the copies thereof heretofore delivered to the Assignee are true and correct copies, that the Assignor has not heretofore assigned or pledged the same or any interest therein, and that, to the best of the Assignee's knowledge, no default exists on the part of the lessees thereunder (herein called "the Lessees") or the Assignor, as lessor, in the performance on the part of either, of the terms, covenants, provisions or agreements in the Leases contained; that no rent has been paid by any of the Lessees more than one month in advance (except for security deposits paid in accordance with the Leases), and that, the payment of none of the rents to accrue under the Leases has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by the Assignor directly or indirectly by assuming any Lessee's obligations with respect to other premises.

The Assignor waives any rights of set-off against the Lessees. The Assignor covenants and agrees:

- (a) that the Leases shall remain in full force and effect irrespective of any merger of the interest of the Lessor and Lessee thereunder; and that it will not transfer or convey the fee title to said premises to any of the Lessees without requiring such Lessees, in writing, to assume and agree to pay the debt secured by the Charge in accordance with the terms covenants and conditions contained in the Charge;
- (b) that if the Leases provided for the abatement of rent during the repair of the demised premises by reason of fire or other casualty, the Assignor shall furnish

rental insurance to the Assignee, the policies to be in an amount and form and written by such insurance companies as shall be satisfactory to the Assignee;

- (c) not to terminate or to accept a surrender of any of the Leases without the written consent of the Assignee, such consent not to be unreasonably withheld, and that any attempted termination or acceptance of surrender of the Leases without such written consent shall be null and void;
- (d) not to modify or amend the Leases or any of the terms thereof, or grant any concessions in connection therewith, either orally or in writing, without the written consent of the Assignee, and that any attempted modification or amendments of the Leases or grant of concession in connection therewith without such written consent shall be null and void;
- (e) not to collect any of the rent, income and profits arising or accruing under the Leases in advance of the time when the same become due under the terms thereof;
- (f) not to discount any future accruing rents;
- (g) not to execute any other assignments of the Leases or any interest therein or any of the rents thereunder;
- (h) to perform all of the Assignor's covenants and agreements as lessor under the Leases and not to suffer or permit to occur any release of liability of the Lessees, or any rights to the Lessees to withhold payment of rent; and to give prompt notices to the Assignee of any notice of default on the part of the Assignor with respect to the Leases received from the Lessees, and to furnish the Assignee with complete copies of said notices;
- (i) that all offers to lease and Leases shall be bona fide, the terms of which are to be approved by the Assignee prior to execution, and shall be at rental rates and terms consistent with comparable space in the area of the lands and premises described herein;
- (j) that the Assignor will provide to the Assignee leasing activity reports in respect of the lands and premises herein forthwith on request by the Assignee;
- (k) if so requested by the Assignee, to enforce the Leases and all remedies available to the Assignor against the Lessees, in case of default under the Leases by the Lessees;
- (l) that none of the rights or remedies of the Assignee under the Charge shall be delayed or in any way prejudiced by this Assignment;
- (m) that notwithstanding any variation of the terms of the Charge or any extension of time for payment thereunder, the Leases and benefits hereby assigned shall continue as additional security in accordance with the terms hereof;
- (n) not to alter, modify or change the terms of any guarantees of any of the Leases or cancel or terminate such guarantees without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (o) not to consent to any assignment of the Leases, or any subletting thereunder, whether or not in accordance with their terms, without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (p) not to request, consent to, agree to or accept a subordination of the Leases to any mortgage or other encumbrance now or hereafter affecting the premises;
- (q) not to exercise any right of election, whether specifically set forth in any such Leases or otherwise which would in any way diminish the tenant's liability or have the effect of shortening the stated term of the Leases; and
- (r) to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this Assignment or any notice hereof which may be required and of every renewal related thereto.

Upon any vesting of title to the property secured under the Charge in the Assignee or other party by court order, operation of law, or otherwise or upon delivery of a deed or deeds pursuant to the Assignee's exercise of remedies under the Charge, all right, title and interest of the Assignor in and to the Leases shall by virtue of this Assignment, thereupon vest in and become the absolute property of the party vested with such title or the grantee or grantees in such deed or deeds without any further act or assignment by the Assignor. The Assignor hereby irrevocably appoints Assignee and its successors and assigns, as its agent and attorney in fact, to execute all instruments of assignment or further assurances in favour of such party vested with title or the grantee or grantees. This power is coupled with an interest and is irrevocable until this Assignment is discharged and the security interests created by this Assignment are released.

In the exercise of the powers herein granted to the Assignee, no liability shall be asserted or enforced against the Assignee, all such liability being hereby expressly waived and released by the Assignor. The Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Leases, or under or by reason of this Assignment and the Assignor shall and does hereby agree to indemnify the Assignee for, and to save and hold it harmless of and from, any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Assignee incur any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defence of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, shall be secured hereby, and the Assignor shall reimburse the Assignee therefore immediately upon demand.

Although it is the intention of the parties that this Assignment shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding that the Assignee shall not exercise any of the rights or powers herein conferred upon it until an Event of Default (as defined in the A&R Debenture Indenture) shall occur, but upon the occurrence of any such Event of Default, the Assignee shall be entitled, upon notice to the Lessees, to all rents and other amounts then due under the Leases and thereafter accruing, and this Assignment shall constitute a direction to and full authority to the Lessees to pay all such amounts to the Assignee without proof of the default relied upon. The Lessees are hereby irrevocably authorized to rely upon and comply with any notice or demand by the Assignee for the payment to the Assignee of any rental or other sums which may be or thereafter become due under the Leases regardless whether any default under the Charge has actually occurred or is then existing.

This Assignment is intended to be additional to and not in substitution for or in derogation of any assignment of rents contained in the Charge or in any other document. In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Assignment, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in in this Assignment which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment shall include any extensions and renewals of the Leases and any reference herein to the Leases shall be construed as including any such extensions and renewals.

If the Assignor comprises more than one person, all covenants and liabilities entered into, by or imposed upon the Assignor shall be joint and several. Each Assignor, if more than one, is responsible both individually and together with the other Assignor(s) for all obligations of the Assignor to the Assignee pursuant to this Assignment.

This Assignment shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Assignment shall be binding upon and enure to the benefit of the respective successors and assigns of the parties hereto. The words "Assignor", "Assignee" and "Lessees", wherever used herein, and designated as such and their respective heirs, administrators, successors and assigns, and all words and phrases shall be taken to include the singular or plural and masculine, feminine or neuter gender, as may fit the case.

In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Assignment, the provisions contained in the A&R Debenture Indenture shall prevail to the extent

of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Assignment, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment may be signed in counterparts and transmitted by electronic transmission. Each counterpart shall be deemed to be an original and all such separate counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Assignor has executed this Assignment as of the date first written above.

ALEAFIA FARMS INC.

DocuSigned by:
Tricia Symmes
Per: _____
01B88568EC0C42B...

Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
E4E5FDC1EEE44F1...

Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Tricia Symmes
Per: _____
01B88568EC0C42B...

Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
E4E5FDC1EEE44F1...

Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

Properties

PIN 46033 - 0368 LT
Description 1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY
Address GRIMSBY

Source Instruments

<i>Registration No.</i>	<i>Date</i>	<i>Type of Instrument</i>
NR600589	2021 12 24	Charge/Mortgage

Transferor(s)

This transfer of charge affects all lands that the charge is against which are outstanding.

Name NEXT EDGE GENERAL PARTNER (ONATRIO) INC.
Address for Service c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, Ontario M5C 2V6

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

This transaction is for a partnership purpose within the meaning of the Limited Partnerships Act.

I am a general partner.

Name NE SPC II LP.
Address for Service c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, Ontario M5C 2V6

This is the firm name of the Partnership/Limited Partnership.

Transferee(s)	Capacity	Share
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<i>Name</i> RED WHITE & BLOOM BRANDS INC.		
<i>Address for Service</i> 789 WEST PENDER STREET, SUITE 810 VANCOUVER BC V6C 1H2		

Statements

The chargee transfers the selected charge for \$10.00

This document relates to registration number(s)NR600589 (CHARGE), NR600591 (NOTICE OF ASSIGNMENT OF RENTS - GENERAL) AND NR600593 (POSTPONEMENT OF INTEREST)

Signed By

Magdalena Drozdowski	100 King Street West, Suite 1600 Toronto M5X 1G5	acting for Transferor(s)	Signed	2023 06 12
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Tel 416-862-7525

Fax 416-862-7661

I have the authority to sign and register the document on behalf of all parties to the document.

Magdalena Drozdowski	100 King Street West, Suite 1600 Toronto M5X 1G5	acting for Transferee(s)	Signed	2023 06 12
----------------------	--	-----------------------------	--------	------------

Tel 416-862-7525

Fax 416-862-7661

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

Gowling WLG (Canada) LLP	100 King Street West, Suite 1600 Toronto M5X 1G5			2023 06 12
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Tel 416-862-7525

Fax 416-862-7661

Fees/Taxes/Payment	
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<i>Statutory Registration Fee</i>	\$69.00
<i>Total Paid</i>	\$69.00

Properties

PIN 46033 - 0368 LT
Description 1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY
Address GRIMSBY

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name NEXT EDGE GENERAL PARTNER (ONTARIO) INC.
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, Ontario M5C 2V6

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

This transaction is for a partnership purpose within the meaning of the Limited Partnerships Act.

I am a general partner.

Name NE SPC II LP.
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, Ontario M5C 2V6

This is the firm name of the Partnership/Limited Partnership.

Party To(s)**Capacity****Share**

Name RED WHITE & BLOOM BRANDS INC.
Address for Service 789 WEST PENDER STREET, SUITE 810
 VANCOUVER BC V6C 1H2

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, NR600591 registered on 2021/12/24 to which this notice relates is deleted

Schedule: The Applicant hereby assigns, transfers and sets over an undivided 100% interest in the Notice of Assignment of Rents - General registered on December 24, 2021 as Instrument No. NR600591.

This document relates to registration number(s)NR600589 (CHARGE) AND NR600591 (NOTICE OF ASSIGNMENT OF RENTS - GENERAL) AND NR600593 (POSTPONEMENT OF INTEREST)

Signed By

Magdalena Drozdowski 100 King Street West, Suite 1600 acting for Signed 2023 06 12
 Toronto Applicant(s)
 M5X 1G5

Tel 416-862-7525

Fax 416-862-7661

I have the authority to sign and register the document on behalf of all parties to the document.

Magdalena Drozdowski 100 King Street West, Suite 1600 acting for Signed 2023 06 12
 Toronto Party To(s)
 M5X 1G5

Tel 416-862-7525

Fax 416-862-7661

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

Gowling WLG (Canada) LLP 100 King Street West, Suite 1600 2023 06 12
 Toronto
 M5X 1G5

Tel 416-862-7525

The applicant(s) hereby applies to the Land Registrar.

Submitted By

Fax 416-862-7661

Fees/Taxes/Payment

<i>Statutory Registration Fee</i>	\$69.00
<i>Total Paid</i>	\$69.00

This is Exhibit "V" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is fluid and cursive, with the first name "Samantha" written in a larger, more prominent script than the last name "Khan".

Commissioner for Taking Affidavits

Properties

PIN 26764 - 0137 LT *Interest/Estate* Fee Simple
Description PT LT 2, CON 2, CARTWRIGHT; BEING PT 1, 40R3687 AND PT 1, 40R25294;
 TOWNSHIP OF SCUGOG
Address SCUGOG

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name ALEAFIA FARMS INC.
Address for Service 85 Basaltic Road,
 Concord, Ontario
 L4K 1G4

A person or persons with authority to bind the corporation has/have consented to the registration of this document.
 This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name 1260356 ONTARIO LIMITED
Address for Service 100 Zenway Boulevard
 Woodbridge, Ontario
 L4H 2Y7

Statements

Schedule: See Schedules

Provisions

Principal \$20,000,000.00 *Currency* CDN
Calculation Period
Balance Due Date On Demand
Interest Rate
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms
Insurance Amount Full insurable value
Guarantor

Signed By

Jaskirt Kaur McDonald Box 48 Suite 5300, TD Bank Tower acting for Signed 2022 02 08
 Toronto Chargor(s)
 M5K 1E6

Tel 416-362-1812

Fax 416-868-0673

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

MCCARTHY TETRAULT LLP Box 48 Suite 5300, TD Bank Tower 2022 02 08
 Toronto
 M5K 1E6

Tel 416-362-1812

Fax 416-868-0673

Fees/Taxes/Payment

Statutory Registration Fee \$66.30

Fees/Taxes/Payment

Total Paid \$66.30

File Number

Chargee Client File Number : 225708-543588

DEMAND DEBENTURE

ALEAFIA FARMS INC.

PRINCIPAL SUM: \$20,000,000.00

DATE: February 8, 2022

1. Acknowledgement and Promise to Pay

Aleafia Farms Inc. (the “**Chargor**”), a corporation incorporated under the laws of Ontario, for value received, hereby acknowledges itself indebted to 1260356 Ontario Limited (the “**Holder**”) with an address at 100 Zenway Boulevard Woodbridge, ON L4H 2Y7 Attention: Colby De Zen, E-mail: cdzen@zzengroup.com, and covenants and promises: (i) to pay on demand following the occurrence and during the continuance of an Event of Default the Principal Sum to or to the order of the Holder, in lawful money of Canada; and (ii) to perform the obligations secured (as defined herein). The Chargor promises to pay, on demand, interest in like money on the amount of the Principal Sum outstanding from time to time and on all other amounts from time to time owing hereunder at the rate of 25% *per annum*, calculated semi-annually, not in advance. Such interest will be payable both before and after maturity, demand, default and judgment. The Chargor promises to pay interest, on demand, at the same rate, on overdue interest, calculated and payable monthly on the first Business Day of each and every month until paid.

2. Place of Payment

The Chargor promises to pay the Principal Sum, interest and all other amounts from time to time owing hereunder at the office of the Holder at which any notice may be given to the Holder in connection with this Debenture or at such other place in Canada as the Holder may designate by notice in writing to the Chargor at any time and from time to time.

3. Continuing Security

This Debenture secures payment and performance in favour of the Holder of all the present and future Obligations of the Chargor (being herein collectively called the “**obligations secured**”).

4. Security

As continuing security for the due and punctual payment of the Principal Sum, interest, overdue interest and the obligations secured, and the performance of all the obligations secured, the Chargor does, subject to the terms hereof, hereby:

- (a) grant a security interest in and grant, mortgage, assign, transfer, hypothecate and charge as and by way of a fixed and specific mortgage and charge to and in favour of the Holder, all the right, title, estate, interest and benefit of the Chargor, present and future, in, to, under or in respect of the property legally described in Schedule 4(a) (the “**Owned Real Property**”) together with all rights and interest therein, now owned or hereafter acquired by the Chargor, including, without limitation, all

licences, easements, rights-of-way, privileges, benefits, immunities, rights and options connected therewith and/or appertaining thereto and all amendments thereto, replacements thereof and substitutions therefor from time to time, and all buildings, erections, structures, improvements, fixtures, fixed plant, fixed machinery and fixed equipment at present situate thereon or therein or which may at any time hereafter be constructed or brought or placed thereon or therein or used in connection therewith, including in each and all cases any greater or other right, title and interest therein or in any part thereof which the Chargor may acquire and hold during the currency of this Debenture, and all Proceeds of all of the foregoing;

- (b) assign, transfer and set over unto and in favour of the Holder, its successors and assigns, as and by way of a fixed and specific assignment, all of its right, title, estate and interest, present and future in and to:
 - (i) all contracts, agreements, indentures, licenses, commitments or other agreements relating to the Owned Real Property or any part or parts thereof to which the Chargor is now or subsequently a party or has a benefit, right or in which the Chargor now has or subsequently acquires an interest;
 - (ii) all amendments, extensions, renewals, replacements and substitutions of any of the property referred to in Section 4(b)(i) and all benefits, rights, remedies, privileges, claims, powers and advantages of the Chargor to be derived therefrom or thereunder (whether arising pursuant thereto or available to the Chargor at law or in equity) and all covenants, obligations and agreements of the other parties thereto including, without limitation, the right of the Chargor to enforce any of the foregoing and the obligations of the other parties thereto and to give or withhold any and all consents, requests, directions, approvals, extensions and/or waivers thereunder; and
 - (iii) all Proceeds of all of the foregoing;
- (c) create a security interest in, and, subject to the exception set out in Section 10 hereof, assign by way of security, transfer and set over unto and in favour of the Holder, its successors and assigns, as and by way of a general assignment by way of security of all of its right, title, estate and interest, present and future, in and to:
 - (i) any and all existing or future leases, subleases, agreements to lease or sublease or other occupancy or tenancy agreements relating to the whole or any part of the Owned Real Property and all existing or future licenses or concessions whereby any person is given the right (other than an easement or a right in the nature of an easement) to use or occupy the whole or any part or parts of the Owned Real Property and all extensions, amendments, renewals or substitutions thereof or therefor which may hereafter be effected or entered into (collectively, the “**Third Party Leases**”), and all benefits, powers and advantages of the Chargor to be derived therefrom and all covenants, obligations and agreements of the tenants thereunder;

- (ii) all rents and other moneys now due and payable or hereafter to become due and payable under the Third Party Leases, and each guarantee of or indemnity in respect of the obligations of the tenants thereunder with full power to demand, sue for recovery, receive and give receipts for all such rents and other moneys and otherwise to enforce the rights of the Chargor thereto in the name of the Chargor;
 - (iii) any and all existing or future agreements, contracts, licenses, permits, plans and specifications, bonds, letters of credit, letters of guarantee or other documents or instruments affecting or relating primarily to the servicing or development of the Owned Real Property or any part or parts thereof or the construction, use, operation or maintenance of buildings, erections, structures, improvements and fixtures thereon and all extensions, amendments, renewals or substitutions thereof or therefor which may hereafter be effected or entered into and all benefit, power and advantage of the Chargor to be derived therefrom;
 - (iv) any and all existing or future agreements of purchase and sale, options to purchase and mortgage, loan or other financing commitments relating in whole or in part to the Owned Real Property or any part or parts thereof and all proceeds and other moneys now due and payable or hereafter to become due and payable thereunder and all benefit, power and advantage of the Chargor to be derived therefrom;
 - (v) all proceeds of and from any and all existing or future insurance policies in respect of property damage and rental insurance pertaining in whole or in part to the Owned Real Property and all proceeds of expropriation or similar taking of the Owned Real Property or any part or parts thereof and all benefit, power and advantage of the Chargor to be derived therefrom provided that all such proceeds shall be held and applied in accordance with the Credit Agreement; and
 - (vi) all Proceeds of all of the foregoing; and
- (d) create a security interest in and grant, convey, mortgage, assign, transfer, pledge and charge as and by way of a floating charge to and in favour of the Holder, all of its undertaking, property and assets, real and personal, immovable and moveable, which in each case is located at and used primarily in connection with or arising from the Owned Real Property, including, without limitation, all goods, money, investment property, intangibles, chattel paper, instruments, documents, inventories and goodwill, now owned or hereafter acquired by the Chargor, of whatsoever nature, kind or description (other than such thereof as may from time to time be validly and effectively subjected to the charges created under Sections 4(a), 4(b), and 4(c) of this Debenture), and all Proceeds of all of the foregoing.

The grants, conveyances, mortgages, charges, pledges, transfers, assignments and security interests created pursuant to this Section 4 (collectively, the “**Security Interests**”) shall not extend

or apply to any personal property which is “consumer goods”, as such term is defined in the Act, or as applicable in any similar personal property security legislation in any jurisdiction in which any of the Property is located, and notwithstanding Section 4(d) or any other provision hereof, shall not extend or apply to any cannabis or cannabis derived products, and no cannabis or cannabis derived products (including those located at, used primarily in connection with or arising from the Owned Real Property) will form part of the Property.

5. Representations and Warranties of the Chargor

The Chargor represents and warrants to the Holder as follows:

- (a) French Name: The Chargor does not have or use a French form of name or a combined English and French form of name;
- (b) Address: The address of the Chargor’s chief executive office is: 85 Basaltic Road, Concord, Ontario, L4K 1G4; and
- (c) Location of the Property: With the exception of inventory in transit, all tangible assets comprising the Property are situate at the Owned Real Property or the chief executive office.

The foregoing representations and warranties shall survive for so long as any of the obligations secured remain unpaid and, notwithstanding any investigation made by or on behalf of the Holder, shall continue in full force and effect for the benefit of the Holder during such period.

6. Covenants of the Chargor

So long as any of the obligations secured shall remain unpaid or the Holder has the obligation to provide credit facilities pursuant to the Credit Agreement, the Chargor covenants and agrees with the Holder as follows:

- (a) No Accessions: The Chargor shall prevent any Property from being or becoming an accession to any property not subject to the Security Interests created by this Debenture;
- (b) Change of Name/Chief Executive Office: The Chargor shall not change its name or change the location of its chief executive office to a location outside of the Province of Ontario without giving prior written notice to the Holder of the new name or chief executive office location and the date upon which such change of name or chief executive office location is to take effect;
- (c) Location of Charged Premises: Except as may be permitted by the Credit Agreement, the Chargor shall not keep, store, locate or install any Charged Premises at, or move, transport or transfer any Charged Premises to, any location other than those locations set out in Section 5(c) without the prior written consent of the Holder; and

- (d) Registrations: The Chargor will, from time to time at the request of the Holder, promptly effect all registrations, filings, recordings and all renewals thereof and all re-registrations, re-filings and re-recordings of or in respect of this Debenture and the Security Interests created hereby in such offices of public record and at such times as may be necessary or of advantage in perfecting, maintaining and protecting the validity, effectiveness and priority hereof and of the Security Interests created hereby; provided that the Holder may effect all such registrations, filings, recordings, renewals, re-registrations, re-filings and re-recordings from time to time in its sole discretion at the expense of the Chargor.

7. Habendum

TO HAVE AND TO HOLD the Property and all rights hereby conferred to the Holder forever for the uses and purposes and with the powers and authorities and subject to the terms and conditions set forth herein.

8. Definitions

Unless otherwise provided, the capitalized terms used in this Debenture shall have the meanings given to them as described in Schedule 6 hereto.

9. Attachment

The Chargor acknowledges and agrees that value has been given for the granting of the Security Interests created hereby and that there is no agreement between the Chargor and the Holder, express or implied, to postpone the attachment of the Security Interests. Subject to Section 29, the Security Interests created by this Debenture are intended to attach when this Debenture is executed by the Chargor and delivered to the Holder or in the case of after-acquired property, when the Chargor has rights or any interest in such property.

10. Reservation of Last Day of Lease

The last day of any term of years reserved by any lease or any extension or renewal thereof, oral or written, or any agreement therefor, now held or hereafter acquired by the Chargor, is hereby excepted out of the security created hereby or by any other instrument supplemental hereto and does not and shall not form part of the Property charged hereby or by any such other instrument, but should such charge become enforceable the Chargor shall stand possessed of the reversion remaining in the Chargor of any leasehold interest for the time being demised as aforesaid, upon trust to assign and dispose thereof as the Holder shall direct; and upon any sale of the leasehold interest, or any part thereof, the Holder for the purpose of vesting the aforesaid reversion of any such term or any renewal thereof in any purchaser or purchasers thereof, shall be entitled by deed or other writing to appoint such purchaser or purchasers or any other person or persons a new trustee or trustees of the aforesaid reversion of any such term or renewal thereof in the place of the Chargor and to vest the same accordingly in the new trustee or trustees so appointed, freed and discharged from any obligation respecting the same.

11. Excluded Collateral and Consents

Nothing herein shall constitute an assignment, mortgage, charge or security interest or attempted assignment, mortgage, charge or security interest of or in any contract, agreement, license, lease or permit which by the provisions thereof or by law is not assignable or cannot be made the subject of a mortgage, charge or security interest or which requires the consent of a third party to its assignment or being made subject to a mortgage, charge or security interest, unless such consent has been obtained. In each such case, the Chargor shall promptly, upon written request by the Holder acting reasonably, use commercially reasonable efforts to obtain the consent of any necessary third party to its assignment hereby and to its further assignment by the Holder to any third party who may acquire same as a result of the exercise by the Holder of remedies after demand. Upon such consent being obtained or waived, the assignments, mortgages, charges and security interests provided for herein shall apply to the applicable contract, agreement, license, lease or permit without regard to this section and without the necessity of any further assurance to effect such assignments, mortgages, charges or security interests. Unless and until such consent is obtained as provided above, the Chargor shall, to the extent it may do so by law or pursuant to the provisions of the document or interest referred to therein, hold all right, title, estate, interest and benefit to be derived from the applicable contracts, agreements, licenses, leases or permits in trust for the Holder (including, without limitation, the Chargor's beneficial interest in any contract, agreement, license, lease or permit which may be held in trust for the Chargor by a third party) as additional security for payment of the obligations secured and shall, upon the occurrence of an Event of Default that is continuing deliver up all such right, title, interest and benefit to the Holder, forthwith upon demand by the Holder.

12. Holder Not To Be Obligated

The Holder will not be liable to the Chargor or any other person for any failure or delay in exercising any of the rights of the Holder under this Debenture (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Property, or to preserve rights against prior parties). Neither the Holder, nor any receiver or agent of the Holder, is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other persons under any Property in its possession. Neither the Holder nor any receiver or agent will be liable for any, and the Chargor will bear the full risk of all, loss or damage to any and all of the Property (including any Property in the possession of the Holder or any receiver or agent) caused for any reason other than the gross negligence or wilful misconduct of the Holder or such receiver or agent. Nothing herein contained shall have the effect of making the Holder responsible for the collection of any accounts or rents or any part thereof or for the performance of any obligations, covenants, terms or conditions in favour of any lessee or in favour of any party to any other agreement or contract with the Chargor or to whom the Chargor may be otherwise obligated. The Holder shall be liable to account only for such moneys as may actually come into its hands, and any such moneys when received by it may be applied on account of any of the Principal Sum, interest and other amounts secured hereby. The Holder shall not be, by reason of the assignment provisions of this Debenture or the exercise of any right granted herein, responsible for any act committed by the Chargor or any breach or failure to perform by the Chargor with respect to any of the Assigned Benefits. The Holder shall not be liable for and no credit shall be given in respect of any uncollected rents or other uncollected amounts. The Holder shall not be liable to any lessee or other party for the return of any security deposit made

under any lease or contract unless the Holder shall have actually received such security deposit. The Holder shall not be deemed by virtue only of the grant of this Debenture, the exercise by the Holder of its rights under the assignment provisions of this Debenture, or the assumption of certain obligations of the Chargor after an Event of Default, to be a mortgagee in possession of the Property or any portion thereof. The Holder will have no obligation or liability under any account or monetary obligation (an “**Account**”), or any agreement, contract, lease or other document comprising the Property (each a “**Contract**”) giving rise thereto, by reason of or arising out of this Debenture or the receipt by the Holder of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Holder will not be obligated in any manner to perform any of the obligations of the Chargor under or pursuant to any Account (or any Contract giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any Contract giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time. Care, control and management of the Property shall remain and be deemed to be with the Chargor in the absence of clear and unequivocal action by the Holder depriving the Chargor of such care, control and management and the assumption thereof by the Holder or any receiver or agent. No credit shall be given by the Holder for any sum or sums collected in respect of the rents or other amounts, until the money collected is actually received by the Holder at the address provided herein, nor shall credit be given for any rent or other amounts after the Holder obtains ownership of the Property or part thereof under court order or by operation of law.

13. Events of Default

The Principal Sum, interest and all other obligations secured shall become immediately payable and the security hereby constituted shall become enforceable upon the occurrence of an Event of Default and shall be enforceable for so long as such Event of Default is continuing.

14. Waiver of Default

The Holder may by notice to the Chargor waive in whole or in part any default of the Chargor on such terms and conditions as the Holder may determine, but no such waiver shall be taken to affect any subsequent default or the rights resulting therefrom. No delay by the Holder in the enforcement of its rights under this Debenture shall be deemed to constitute a waiver of a default.

15. Remedies

Upon the occurrence and during the continuance of an Event of Default, the Holder may proceed to realize upon the security hereby constituted and to enforce its rights:

- (a) by written notice to the Chargor, declaring the obligations secured to be immediately due and payable;
- (b) immediately and without notice by entry, with the right to have, hold, use, occupy, possess, disable, remove and enjoy the Property or any part thereof without the let, suit, hindrance, interruption or denial of the Chargor, its successors or assigns;

- (c) by entry, with the right to make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Owned Real Property or any part thereof, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Property or any part thereof as it may deem expedient, and all reasonable costs, charges and expenses, including allowances for the time and service of any employee of the Holder or other person appointed for the above purposes shall be added to the Principal Sum and shall be secured hereby and payable forthwith together with interest thereon calculated at the rate and at the times and in the manner provided for herein for interest arrears on the Principal Sum;
- (d) by the appointment, by an instrument in writing, of any person or persons, whether an officer or officers or an employee or employees of the Holder or not, as a receiver or receivers of all or any part of the Property, and the Holder may remove any receiver or receivers so appointed and appoint another or others in its or their stead;
- (e) exercise those remedies provided for under the provisions of Section 20 or other sale permitted at law;
- (f) by proceedings in any court of competent jurisdiction for the appointment of one or more receivers under any applicable law;
- (g) proceed in any court of competent jurisdiction for foreclosure and/or judicial sale of all or any part of the Property;
- (h) in such other manner as is permitted by the Credit Agreement;
- (i) by any other action, suit, proceeding or other remedy authorized or permitted by law or by equity;
- (j) in connection with any assigned rights and benefits under Sections 4(b) and 4(c) (“**Assigned Benefits**”), the Holder may:
 - (i) give to any lessee or other person from whom the Holder would have been entitled to receive or claim any benefit under the Assigned Benefits in question (herein called the “**Other Parties**” or “**Other Party**”) express notice in writing of this assignment and thereafter the Holder shall be entitled to the benefit of subsection 53(1) of the *Conveyancing and Law of Property Act* (Ontario) or other similar applicable legislation. The Holder may, after giving such notice, deal with the Other Party or Other Parties in respect of the Assigned Benefits without reference to or consent of the Chargor, as if the Holder were the absolute owner of the Assigned Benefits;
 - (ii) give notice to any Other Party to pay rents to the Holder and otherwise honour the rights of the Holder under this assignment. The Chargor agrees that any Other Party may rely upon any notice given by the Holder or on its behalf;

- (iii) at its option, assume or perform any such obligations as the Holder considers necessary or desirable to obtain the benefit of the Assigned Benefits, free of any set-off, deduction or abatement, and any money reasonably expended by the Holder in this regard shall form part of and be deemed to form part of the obligations secured and bear interest at the rate stipulated in this Debenture provided that it is expressly acknowledged and agreed that nothing herein contained shall oblige the Holder to assume or perform any obligation of the Chargor to any third party in respect of or arising out of the Assigned Benefits or any of them;
- (k) retain and administer the Property in the Holder's sole and unfettered discretion;
- (l) the Holder on its own account or through a receiver and whether alone or in conjunction with the exercise of all or any other remedies contemplated by this Debenture, shall have the right, at any time, to notify and direct Account Debtors and any Person obligated to the Chargor under a promissory note or bill of exchange to make all payments whatever to the Holder and the Holder shall have the right, at any time, to hold all amounts acquired from any Account Debtors and any Person obligated to the Chargor under a promissory note or bill of exchange and any Proceeds as part of the Property. Upon the occurrence and during the continuance of an Event of Default any payments received by the Chargor shall be held by the Chargor in trust for the Holder in the same medium in which received, shall not be commingled with any assets of the Chargor and shall, at the request of the Holder be turned over to the Holder not later than the next Business Day following the day of their receipt; and
- (m) pay any Liens or other claims that may exist or be threatened against the Property, and any amount so paid together with costs, charges and expenses incurred shall be added to the obligations secured.

16. Possession of Property

Where any Property is in the possession of the Holder or any receiver or agent:

- (a) the Holder shall only have the duty of care with respect to such Property as would a reasonable and prudent owner, including the duty to use reasonable care in the custody and preservation thereof, provided that the Holder need not take any steps of any nature to defend or preserve the rights of the Chargor therein against the claims or demands of others or to preserve rights therein against prior parties; and
- (b) the Holder or any receiver or agent may, at any time following the occurrence and during the continuance of an Event of Default, use such Property in any manner and to such extent as it deems necessary or desirable.

17. Deficiency

Without limiting any rights the Chargor may have at law, the Chargor shall be liable to pay any deficiency in the obligations secured hereunder that are remaining after the sale or disposition of the Property.

18. Remedies Cumulative

No remedy for the realization of the security hereby constituted or for the enforcement of the rights of the Holder shall be exclusive of or dependent upon any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

19. Receiver

Subject to the provisions of any instrument in writing appointing a receiver or receivers, upon the appointment hereunder of a receiver of the Property or any part thereof, the following provisions shall apply:

- (a) Every such receiver shall have unlimited access to the Property as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority to, without limitation:
 - (i) take possession of the Property or any part thereof;
 - (ii) carry on or concur in carrying on the business of the Chargor;
 - (iii) collect all Revenues owing or earned in respect of the Owned Real Property and collect the rents and profits from leases and tenancies whether created before or after the date hereof;
 - (iv) lease or concur in leasing any portion of the Property which may become vacant on such terms and conditions as it considers advisable and enter into and execute leases, accept surrenders and terminate leases;
 - (v) complete the construction of any building or buildings or other erections or improvements on the Property left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;
 - (vi) insure, manage, operate, repair, alter or extend the Property; and
 - (vii) sell, lease or otherwise dispose of all or any part of the Property, and the Chargor undertakes to ratify and confirm whatever any such receiver may do with respect to the Property.

- (b) The Holder may at its discretion vest the receiver with all or any of the rights and powers of the Holder.
- (c) The Holder may fix the remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Property.
- (d) Every such receiver shall be deemed the agent or attorney of the Chargor and not the agent of the Holder, and the Holder shall not be in any way responsible for the acts or omissions of any such receiver.
- (e) The appointment of any such receiver by the Holder shall not result in or create any liability or obligation on the part of the Holder to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Holder a mortgagee in possession or responsible as such.
- (f) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by it in respect of the Property, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:
 - (i) its remuneration as aforesaid;
 - (ii) all costs and expenses of every nature and kind incurred by it in connection with the exercise of its powers and authority hereby conferred;
 - (iii) interest, principal and other money which may, from time to time, be or become charged upon the Property in priority to this Debenture, including taxes;
 - (iv) to the Holder all interest, the Principal Sum and other monies constituting obligations secured that are due in such order as the Holder in its discretion shall determine; and
 - (v) and thereafter, every such receiver shall be accountable to the Chargor for any surplus as required by applicable law.

The reasonable remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Property and shall bear interest from the date of demand at the same rate as applies to the Principal Sum hereby secured.

- (g) Every such receiver may, with the consent in writing of the Holder, borrow money for the purpose of maintaining, protecting or preserving the Property or any part thereof, or for the purpose of carrying on the business of the Chargor in respect of the Property, and any receiver may issue certificates (in this sub clause called “**receiver’s certificates**”) for such sums as will, in the opinion of the Holder, be sufficient for obtaining security upon the Property or any part thereof for the

amounts from time to time so required by the receiver, and such receiver's certificate may be payable either to order or to bearer and may be payable at such time or times, and shall bear such interest as the Holder may approve and the receiver may sell, pledge or otherwise dispose of the receiver's certificates in such manner and may pay such commission on the sale thereof, as the Holder may consider reasonable, and the amounts from time to time payable by virtue of such receiver's certificates shall form a charge upon the Property in priority to the amounts secured under this Debenture.

- (h) Save as to claims for accounting to which the Chargor is entitled under applicable law pursuant to clause (f) above, the Chargor hereby releases and discharges any such receiver from every claim of every nature, whether in damages or not which may arise or be caused to the Chargor or any person claiming through or under it by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of wilful misconduct, gross negligence, dishonesty or fraud.
- (i) The Holder may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver.
- (j) The statutory declaration of an officer of the Holder as to the occurrence of an Event of Default, under the provisions of this Debenture and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.
- (k) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Holder may have.

20. Sales

Upon the obligations secured hereby constituted becoming enforceable and the Holder making demand hereunder:

- (a) **Method of Sale** – The Holder may, upon the expiry of any applicable notice period, either before or after any entry, sell and dispose of the Property or any part thereof including, without limitation, any rents and profits thereof either as a whole or in separate parcels, at public auction or by tender or by private sale at such time or times as the Holder may determine, and may make such sale either for cash or credit or part cash and part credit, and with or without advertisement, and upon such conditions as to upset price and with or without a reserve bid as the Holder may deem proper.
- (b) **Rescission and Resale** – The Holder may rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred

hereunder and adjourn any such sale from time to time without being answerable for any loss occasioned by such sale or by any postponement thereof.

- (c) **Deeds** – The Holder may execute and deliver to the purchaser or purchasers of the Property or any part thereof good and sufficient deeds, assurances and conveyances for the same, the Holder being hereby constituted the irrevocable attorney of the Chargor for the purpose of making such sale and executing such deeds, assurances and conveyances.
- (d) **Sale, Bars, Claims through Chargor** – Any such sale made as aforesaid shall be a perpetual bar, both in law and in equity, against the Chargor and all other persons claiming an interest in the Property or any part thereof, by, from, through or under the Chargor.
- (e) **Sale Proceeds** – In the case of a sale for cash or credit, or part cash and part credit, the Holder shall be bound to pay to the Chargor only such moneys as have been actually received from purchasers after the satisfaction of all claims of the Holder including payment of any costs, charges and expenses (including without limitation all solicitors' fees on a substantial indemnity basis, or solicitor and client basis, as applicable) reasonably incurred by the Holder in the taking, recovering, collecting, realising on, keeping possession of, and any sale of, the Property.

21. Prior Encumbrances and Expenses

If an Event of Default has occurred and is continuing, the Holder may pay the amount of any Lien now or hereafter existing, or to arise or to be claimed upon the Property having priority over this Debenture, including any taxes, utility charges or other rates on the Property, or any of them, and may pay all reasonable costs, charges and expenses (other than any such costs, charges and expenses arising as a result of the gross negligence or wilful misconduct of the Holder) and all reasonable solicitors' fees on a substantial indemnity basis, which may be incurred in taking, recovering and keeping possession of the Property, or in protecting, repairing, restoring or preserving the Property, and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize upon the security created in this Debenture, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor hereunder whether any action or any judicial proceedings to enforce such payments has been taken or not. The amount so paid shall be added to the debt hereby secured and be a charge on the Property and shall bear interest at the rate aforesaid, and shall be payable forthwith by the Chargor to the Holder. In the event of the Holder paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, the Holder shall be entitled to all the rights, equities and securities of the Chargor as against the person or persons, company, corporation, or governmental authority so paid.

22. No Set-Off, etc.

The Principal Sum, interest and other amounts hereby secured will be paid and shall be assignable in accordance with the terms of the Credit Agreement free from any right of set-off or counterclaim or equities between the Chargor and the Holder or any other person or persons.

23. No Merger

The taking of a judgment or judgments under any of the covenants in this Debenture shall not operate as a merger of the covenant or affect any other right of the Holder under this Debenture or otherwise.

24. Encumbrance in Addition, etc.

This Debenture is in addition to and not in substitution for any other security now or hereafter held by the Holder or any other person. Notwithstanding any other provision hereof, any payments to the Holder shall be appropriated by the Holder subject to and in accordance with the provisions of the Credit Agreement. The taking of any action or proceedings or refraining from so doing, or any other dealing with any other security for the monies secured hereby, shall not release or affect the charge of this Debenture and the taking of the security hereby granted or any proceedings hereunder for the realization of the security hereby granted and shall not release or affect any other security held by the Holder for the monies hereby secured.

25. Pledge of Debenture

This Debenture at any time and from time to time may be assigned, transferred, pledged, hypothecated, lodged, deposited or delivered by the Chargor to the Holder as security for the obligations secured and in such event this Debenture shall not be deemed to have been discharged or redeemed or the amounts payable hereunder to have been satisfied or reduced by reason of the account of the Chargor having ceased to be in debit while this Debenture remained so assigned, transferred, pledged, hypothecated, lodged, deposited or delivered.

26. Demand Debenture

For greater certainty all amounts payable under this Debenture are payable on demand upon the occurrence of an Event of Default which is continuing.

27. Quiet Possession

Subject to the provisions of the Credit Agreement, until an Event of Default has occurred, it shall be lawful for the Chargor to peaceably and quietly have, hold, use, occupy, possess and enjoy the Property, and receive and take the rents and profits thereof for its own use and benefit, without let, suit, hindrance, interruption or denial by the Holder, or any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for it, them or any or either of them. If any Event of Default has occurred and is continuing, subject to applicable laws the Holder may peaceably and quietly enter into and hold and occupy the Property without hindrance, interference or denial of the Chargor or of anyone claiming under it or of any prior encumbrances whatsoever, except Permitted Liens.

28. No Obligation to Advance

Neither the execution and delivery nor the registration of this Debenture shall for any reason whatsoever obligate or bind the Holder or any secured party to advance any monies, or, having advanced a portion, obligate the Holder or any secured party in any way to advance the balance thereof; but nevertheless the charge shall take effect forthwith upon execution of this Debenture and shall operate as security for the actual amount of all the debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Chargor to the Holder under the Credit Agreement, the other Loan Documents and otherwise owing under this Debenture.

29. After-Acquired Property

The Chargor covenants and agrees that, if and to the extent that any of its right, title, estate and interest in any of the Property is not acquired until after delivery of this Debenture, this Debenture shall nonetheless apply thereto and the mortgages, charges, assignments, transfers, pledges and security interests in favour of the Holder hereby created shall attach to such Property, subject to Sections 4 and 10, at the same time as the Chargor acquires rights therein, without the necessity of any further mortgage, charge, pledge, assignment, transfer, grant of security interest or assurance. The Chargor covenants and agrees to take such actions and execute such further and other documentation and/or instruments in respect of any after-acquired property at such time or times and in such form and manner as the Holder may reasonably request.

30. Indemnity

The Chargor agrees to indemnify the Holder against and hold the Holder harmless from any and all losses, claims, cost recovery actions, damages, expenses and liabilities of whatsoever nature or kind and all reasonable out-of-pocket expenses (including reasonable fees, charges and, subject to the limitation referred to in Section 8.3(1)(a) of the Credit Agreement, disbursements of counsel) and all applicable taxes, to which the Holder may become subject arising out of or in connection with (a) the execution or delivery of this Debenture, the performance by the Chargor of its obligations hereunder, and the consummation of any transactions hereunder, (b) any other aspect of this Debenture, or (c) the enforcement of the Holder's rights hereunder and any related assessment, investigation, defence, preparation of defence, litigation and enquiries; provided that such indemnity shall not be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or wilful misconduct of or material breach of the Credit Agreement by the Holder.

31. Conflicts

This Debenture is being entered into pursuant to the Credit Agreement. In the event of any conflict, inconsistency, ambiguity or difference between the terms of this Debenture and the terms of the Credit Agreement, the terms of the Credit Agreement shall govern and be paramount to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference. Notwithstanding the foregoing, if there is any right or remedy of the Holder set out in this Debenture or any part

hereof which is not set out or provided for in the Credit Agreement, such additional right or remedy shall not constitute a conflict or inconsistency and the Holder shall, notwithstanding this Section 31, be entitled to exercise such rights and enforce such remedies. Without limiting the foregoing, notwithstanding the principal amount stated herein, the interest rate specified and the payment date of such interest set out in this Debenture, the principal amount due, the interest rate specified and the time for payment hereunder shall be in accordance with the terms of the Credit Agreement.

32. Extension of Time/Forbearance

The Holder will not be obliged to exhaust its recourse against the Chargor or any other person or against any other security it may hold in respect of the obligations secured before realizing upon or otherwise dealing with the Property in such manner as the Holder may consider desirable. The Holder may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Property to third parties and otherwise deal with the Chargor's guarantors or sureties and others and with the Property as the Holder may see fit without prejudice to the obligations secured or the Holder's rights, remedies and powers under this Debenture. No extension of time, forbearance, indulgence or other accommodation now, previously or hereafter given by the Holder to the Chargor shall operate as a waiver, alteration or amendment of the Holder's rights or to otherwise preclude the Holder from enforcing such rights.

33. Power of Attorney

After an Event of Default has occurred and during its continuance, the Chargor hereby irrevocably nominates, constitutes and appoints each officer or director of the Holder from time to time, or of any receiver appointed (as agent of the Chargor) as provided for in this Debenture, as the true and lawful attorney of the Chargor with full power of substitution in the name of the Chargor to do all such acts and things, to deal with the Property, and to execute and deliver all such deeds, transfers, leases, contracts, agreements and other documents or instruments on its behalf and in its place (and the same shall bind the Chargor and have the same effect as if such documents were executed by the Chargor) and with the right to use the name of the Chargor, whenever and wherever it may be deemed necessary or expedient in the sole discretion of the Holder, in connection with carrying out the provisions of this Debenture or the exercise of the rights and remedies set forth in this Debenture. The Chargor hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with the terms hereof. The power of attorney granted in this Section 33 may only be exercised following an Event of Default. The Chargor hereby declares that the irrevocable power of attorney granted hereby, being coupled with an interest in favour of the Holder, is given for valuable consideration and shall remain in full force and effect until this Debenture is discharged in accordance with the terms of this Debenture.

34. Revolving Credit

It is acknowledged and agreed that this Debenture may secure, *inter alia*, from time to time, revolving lines of credit and shall not be considered to have been satisfied or discharged by any intermediate payment of the whole or part of the obligations secured. This Debenture secures all of the obligations secured, including all advances and re-advances made under revolving lines of credit.

35. Statutory Waivers

To the fullest extent permitted by law, the Chargor waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the powers, rights or remedies of a lender or upon the methods of realization of security, including any seize or sue or anti deficiency statute or any similar provisions of any other statute.

36. Provisions Reasonable

Each party hereto acknowledges and declares that it has entered into this Debenture freely and of its own will. In particular, each party hereto acknowledges that this Debenture was freely negotiated by the Chargor and the Holder in good faith, that this Debenture does not constitute a contract of adhesion, that there was no exploitation of the Chargor by the Holder, and that there is no disproportion between the consideration provided by the Holder and that provided by the Chargor.

37. Notice

Any notice, consent, demand, approval or other communication required or permitted to be given in connection with this Debenture shall be in writing and shall be sufficiently given if given in accordance with the Credit Agreement.

38. Further Assurances

At any time and all times the Chargor will do, execute, acknowledge and deliver or will cause to be done, executed, acknowledged and delivered all such further acts, deeds, conveyances, mortgages, transfers and assurances in law as the Holder shall reasonably require for the purpose of giving the Holder a valid mortgage, charge or security of the nature herein specified upon all property intended to be covered hereby, and for the better assuring, conveying, mortgaging, assigning, confirmation or charging unto the Holder all and singular the hereditament and premises, estates and property hereby mortgaged and charged, or intended so to be, in favour of the Holder.

39. Registration

The Holder shall have the right at any time and without notice to cause this Debenture or notice thereof to be registered or filed in any office of public record where the Holder considers it necessary.

40. References

All references to articles, sections, subsections, paragraphs, subparagraphs, clauses and schedules unless otherwise specified are to articles, sections, subsections, paragraphs, subparagraphs and clauses of and schedules to this Debenture.

41. Headings

The insertion of headings is for convenience of reference only and shall not affect the interpretation of this Debenture.

42. Number and Gender

Words importing the singular include the plural and vice versa and words importing gender include all genders.

43. Governing Law

This Debenture shall be governed in all respects by the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract save in respect of the security created pursuant hereto upon: (i) real property situate in any province of Canada other than Ontario, which shall be governed by the laws of the province in which such property is situate, and (ii) personal property, to the extent that any laws of any other province apply as a result of the application of conflict of laws rules.

44. Currency

Except where otherwise expressly provided in this Debenture, all amounts in this Debenture are stated and shall be paid in the lawful currency of Canada.

45. Amendment

No amendment of this Debenture shall be binding unless in writing and signed by the parties.

46. Severable

If any provision of this Debenture is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected.

47. Successors and Assigns

This Debenture shall be binding upon and enure to the benefit of the parties and their respective heirs, executors, administrators, successors and permitted assigns, all assignments to be in accordance with the provisions of the Credit Agreement. Subject to the provisions of the Credit Agreement, the Holder may assign, transfer and deliver to any transferee of the obligations secured, or any part thereof, the liability of the Chargor under this Debenture and any security, documents or instruments held by the Holder in respect of this Debenture and no such assignment, transfer or delivery shall release the Chargor from its liability; thereafter but subject to the provisions of the Credit Agreement, the Holder shall be fully discharged from all responsibility with respect to this Debenture and security, documents and instruments so assigned, transferred or delivered and the permitted transferee shall be vested with the powers and rights of the Holder under this Debenture and under the security, documents or instruments assigned, transferred or delivered. The Holder, however, shall retain all powers and rights with respect to any security, documents or instruments not assigned, transferred or delivered.

48. Insurance Act Waiver

In the event that the proceeds of any insurance are applied to the payment of the obligations secured, the Chargor hereby irrevocably waives any and all statutory provisions which may require that proceeds of insurance be used to restore or rebuild the Owned Real Property.

49. Limited Recourse

The Holder acknowledges and agrees that notwithstanding any other provision hereof, the only remedy that the Holder shall have against the Chargor in the event of non-payment by the Chargor of the obligations secured is to realize upon the Property. For greater certainty, it is hereby declared that the Holder shall in no circumstance have any right of payment from the Chargor hereunder independent of the foregoing, and the Chargor shall not be liable to the Holder for any deficiency hereunder resulting from any such realization or otherwise.

50. Receipt of Copy

The Chargor acknowledges receipt of a copy of this Debenture and hereby expressly waives the right to receive a copy of any financing statement or a copy of the statement confirming the registration of any financing statement that may be registered in connection with any security interest created under this Debenture.

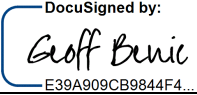
51. Discharge

Upon full and final payment and performance of the Obligations and permanent cancellation of the Commitment, the Holder shall upon request in writing by the Chargor deliver up this Debenture to the Chargor and shall at the expense of the Chargor cancel and discharge the Security Interests and execute and deliver to the Chargor such documents as shall be requisite to discharge the Security Interests. Any execution and delivery of documents pursuant to this Section 51 shall be without recourse to or warranty by the Holder.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF the Chargor has caused this Debenture to be executed as of the date first written above.

ALEAFIA FARMS INC.

By: 
Name: Geoffrey M. Benic
Title: President

By: 
Name: Matthew Sale
Title: Authorized Signatory

I/We have authority to bind the Chargor.

SCHEDULE 4(a)

Legal Description of Owned Real Property

Municipal Address	PIN	Legal Description
2540 Regional Road 19, Blackstock, Ontario	PIN 26764-0137 (LT)	PT LT 2, CON 2, CARTWRIGHT; BEING PT 1, 40R3687 AND PT 1, 40R25294; TOWNSHIP OF SCUGOG

SCHEDULE 6

DEFINITIONS

In the attached Debenture, terms used but not otherwise defined therein that are defined in the Credit Agreement shall have the meanings given to them in the Credit Agreement, and the following terms shall have the following meanings:

- (i) “**Account**” has the meaning given to it in Section 12.
- (ii) “**Account Debtor**” means any Person who becomes obligated to the Chargor under, with respect to, or on account of, an Account.
- (iii) “**Act**” means the *Personal Property Security Act* (Ontario).
- (iv) “**Assigned Benefits**” has the meaning given to it in Section 15(j).
- (v) “**Charged Property**” means the property subject to the floating charge contained in Section 4(d).
- (vi) “**Chargor**” has the meaning given to it in Section 1.
- (vii) “**Contract**” has the meaning given to it in Section 12.
- (viii) “**Credit Agreement**” means the credit agreement dated as of August 20, 2021 between Aleafia Health Inc., as borrower, and the Holder, as lender, as amended by amending agreement no. 1 dated as of December 24, 2021, as the same may be further amended, restated, amended and restated, supplemented or otherwise modified from time.
- (ix) “**Holder**” has the meaning given to it in Section 1.
- (x) “**Mortgaged Property**” means the property and assets subject to the fixed and specific mortgage (including the mortgage by way of sublease), charge pledge, grant, assignment, transfer, hypothecation and security interest contained in Sections 4(a), 4(b) and 4(c) of this Debenture.
- (xi) “**obligations secured**” has the meaning given to it in Section 3.
- (xii) “**Other Parties**” or “**Other Party**” has the meaning given to it in Section 15(j)(i).
- (xiii) “**Owned Real Property**” has the meaning given to it in Section 4(a).
- (xiv) “**Principal Sum**” means \$20,000,000.00 in lawful money of Canada.
- (xv) “**Proceeds**” means all proceeds and personal property in any form derived directly or indirectly from any dealing with all or any part of the Property and any insurance or payment that indemnifies or compensates for such property lost, damaged or destroyed, and proceeds of proceeds and any part of any such proceeds.
- (xvi) “**Property**” means the Charged Property and the Mortgaged Property.

- (xvii) “**receiver**” means an interim receiver, a receiver, a manager or a receiver and manager.
- (xviii) “**receiver’s certificates**” has the meaning given to it in Section 19(g).
- (xix) “**Revenues**” means all rents, revenues, income, insurance proceeds, expropriation proceeds, other proceeds in any form and other monies to which the Chargor may from time to time be entitled from all sources including all income and proceeds (whether in cash or on credit or in any other form) received or receivable by or on behalf of the Chargor.
- (xx) “**Security Interests**” has the meaning given to it in Section 4.
- (xxi) “**Third Party Leases**” has the meaning given to it in Section 4(c)(i).

Properties

PIN 26764 - 0137 LT *Interest/Estate* Fee Simple
Description PT LT 2, CON 2, CARTWRIGHT; BEING PT 1, 40R3687 AND PT 1, 40R25294;
 TOWNSHIP OF SCUGOG
Address 4560 REGIONAL ROAD 19
 SCUGOG

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name ALEAFIA FARMS INC.
Address for Service 85 Basaltic Road
 Concord, Ontario L4K 1G4
 Attention: Chief Executive Officer

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Ave, 8th Floor
 Toronto ON M5J 2Y1

Provisions

Principal \$100,000,000.00 *Currency* CDN
Calculation Period
Balance Due Date See Schedule
Interest Rate See Schedule
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor

Additional Provisions

See Schedules

Signed By

Elena Yim-Bing Leung 181 Bay St., Suite 1800 acting for Signed 2022 06 27
 Toronto
 M5J 2T9 Chargor(s)

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

AIRD & BERLIS LLP 181 Bay St., Suite 1800 2022 06 27
 Toronto
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

Fees/Taxes/Payment

Statutory Registration Fee \$66.30

Fees/Taxes/Payment

Total Paid \$66.30

File Number

Chargee Client File Number : 93103.1

SCHEDULE "A" – ADDITIONAL PROVISIONS

COLLATERAL MORTGAGE

Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to Chargee, in its capacity as trustee, and on behalf of the Debentureholders pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**") between the Borrower and the Chargee.

This charge/mortgage of land (the "**Charge**") is collateral security for all present and future obligations and liabilities of the Chargor to the Chargee under, in connection with or with respect to the A&R Debenture Indenture.

STANDARD CHARGE TERMS AND PARAMOUNTCY

In the event of any inconsistency between the terms of this schedule to the Charge and the terms of standard charge terms number 200033, the terms of this schedule to the Charge shall prevail and the inclusion of any term in standard charge terms number 200033 that is not set out in this schedule to the Charge shall not be an inconsistency and shall be valid and enforceable in accordance with its terms.

In the event of any conflict or inconsistency between the provisions of this Charge or the terms of standard charge terms number 200033 and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Charge or the terms of standard charge terms number 200033, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Charge or the terms of standard charge terms number 200033 shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Charge or the terms of standard charge terms number 200033, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

Section 16 of Standard charge terms number 200033 is hereby deleted and replaced with the following:

16. The Chargor will insure and during the continuance of the Charge keep insured the buildings on the land in accordance with the provisions contained in the A&R Debenture Indenture.

NO SUBSEQUENT ENCUMBRANCES

The Chargor shall not without the Chargee's prior written consent, or except in accordance with the A&R Debenture Indenture, obtain secondary or subsequent financing, or charge or encumber the property secured hereby or any part thereof (the "**Property**") or interest therein or permit any lien or charge thereon.

DUE ON SALE AND SUBSEQUENT ENCUMBRANCES

If the Chargor sells, conveys, transfers or enters into any agreement of sale or transfer of the title of the Property or further encumbers of any of the Property (other than in accordance with the

A&R Debenture Indenture) without the written consent of the Chargee, at any time while any amount secured by this Charge remains unpaid and outstanding, the balance of the principal then outstanding and all amounts secured by this Charge shall, at the option of the Chargee, become immediately due and payable.

DEFAULT

The Chargor covenants and agrees that an Event of Default (as defined in the A&R Debenture Indenture) shall constitute concurrent default under this Charge and upon the occurrence of an Event of Default, the Chargee shall be entitled to exercise any and all remedies available to it pursuant to this Charge, and with respect to any or all of the Property.

RECEIVER

Upon the occurrence of an Event of Default, this Charge or any security or any document submitted to the Chargee in connection therewith, the Chargee may, in its discretion, by writing appoint a receiver (which term shall include a receiver and manager) (a “**Receiver**”) of the Property or any part of it and of the rents and profits from it and may from time to time remove any Receiver and appoint another in his place, and in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor unless the Chargee indicates in writing a contrary intention. The following provisions shall apply in respect of the appointment of any Receiver:

- (a) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Property or any part of it;
- (b) such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee and shall have the power to borrow on the security of the Property;
- (c) the Chargee may from time to time fix the remuneration of such Receiver and direct the payment of such remuneration from out of the proceeds of the Property;
- (d) such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever;
- (e) such Receiver shall from time to time have the power to collect, realize, sell or otherwise deal with the Property in such manner, upon such terms and conditions and at such time or times as may seem to the Receiver to be advisable and without notice to the Chargor;
- (f) such Receiver shall from time to time have the power to lease any portion of the Property which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient and, in so doing, such Receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent of the Chargee) and such Receiver shall have authority to execute, under seal or otherwise, any leases of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Property; and

- (g) such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part of it in the name of the Chargor for the purpose of securing the payment of rental from the Property or any part of it, including the power to:
- (i) take proceedings in the name of the Chargor or otherwise and to make any arrangement or compromise;
 - (ii) borrow or raise money on all or any part of the Property in priority to this Charge or otherwise for such purposes as may be approved by the Chargee;
 - (iii) give any and all notices to be given by the Chargor under any leases and exercise any and all rights of the Chargor under them;
 - (iv) do or cause to be done any and all acts and things under any lease and adjust and settle all matters relating to such performance; and
 - (v) institute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of the Property, defend all suits, proceedings and actions against the Chargor or the Receiver, appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and appeal any suit, proceeding or action.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Property in the same manner as if such documentation was duly executed by the Chargor itself.

Properties

PIN 26764 - 0137 LT
Description PT LT 2, CON 2, CARTWRIGHT; BEING PT 1, 40R3687 AND PT 1, 40R25294;
 TOWNSHIP OF SCUGOG
Address 2560 REGIONAL ROAD 19
 SCUGOG

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name ALEAFIA FARMS INC.
Address for Service 85 Basaltic Road
 Concord, Ontario L4K 1G4
 Attention: Chief Executive Officer

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Party To(s)*Capacity**Share*

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Ave, 8th Floor
 Toronto ON M5J 2Y1

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, DR2147378 registered on 2022/06/27 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Elena Yim-Bing Leung 181 Bay St., Suite 1800 acting for Signed 2022 06 27
 Toronto Applicant(s)
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Applicant(s).

Elena Yim-Bing Leung 181 Bay St., Suite 1800 acting for Signed 2022 06 27
 Toronto Party To(s)
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Party To(s).

Submitted By

AIRD & BERLIS LLP 181 Bay St., Suite 1800 2022 06 27
 Toronto
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

Fees/Taxes/Payment

Statutory Registration Fee \$66.30

Total Paid \$66.30

File Number

Party To Client File Number : 93103.1

GENERAL ASSIGNMENT OF RENTS

THIS ASSIGNMENT made this 27th day of June, 2022.

B E T W E E N:

**EMBLEM CANNABIS CORPORATION and ALEAFIA FARMS
INC.**

hereinafter collectively called the "Assignor"

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA

hereinafter called the "Assignee"

WHEREAS Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to the Assignee, in its capacity as trustee, and on behalf of the Debentureholders pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**").

FOR VALUE RECEIVED, the Assignor doth hereby assigns to the Assignee, all rights, privileges, advantages and benefits whatsoever, including all rental and other income, arising pursuant to leases and/or agreements to lease and/or tenancies (herein referred to as the "Leases") now or hereafter affecting the lands and premises more particularly described in the Notice of Assignment of Rents attached hereto.

This Assignment is given as additional security for the payment of the sum of TWO DOLLARS (\$2.00) and all other sums secured by a charge between the Assignor, as chargor, and the Assignee, as chargee, charging the premises of which those demised in the Leases form all or part and which charge is herein referred to as the "Charge". The registration particulars of the Charge are described in the Notice of Assignment of Rents – General attached hereto. The security of this Assignment is and shall be primary and on a parity with the real estate conveyed by the Charge and not secondary. All amounts collected hereunder, after deducting the expense of collection, shall be applied on account of the indebtedness secured by the Charge, or in such other manner as may be provided in the Charge. Nothing herein contained shall be construed as constituting the Assignee as trustee, mortgagee or chargee in possession.

The Assignor does hereby empower the Assignee, its agents or attorneys, to collect, sue for, settle, compromise and give acquittances for all of the rents that may become due under the Leases and avail itself of and pursue all remedies for the enforcement of the Leases and the Assignor's rights in and under the Leases as the Assignor might have pursued but for this Assignment.

The Assignor warrants that the Leases, if any exist, are in full force and effect, and that the copies thereof heretofore delivered to the Assignee are true and correct copies, that the Assignor has not heretofore assigned or pledged the same or any interest therein, and that, to the best of the Assignee's knowledge, no default exists on the part of the lessees thereunder (herein called "the Lessees") or the Assignor, as lessor, in the performance on the part of either, of the terms, covenants, provisions or agreements in the Leases contained; that no rent has been paid by any of the Lessees more than one month in advance (except for security deposits paid in accordance with the Leases), and that, the payment of none of the rents to accrue under the Leases has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by the Assignor directly or indirectly by assuming any Lessee's obligations with respect to other premises.

The Assignor waives any rights of set-off against the Lessees.
The Assignor covenants and agrees:

- (a) that the Leases shall remain in full force and effect irrespective of any merger of the interest of the Lessor and Lessee thereunder; and that it will not transfer or convey the fee title to said premises to any of the Lessees without requiring such Lessees, in writing, to assume and agree to pay the debt secured by the Charge in accordance with the terms covenants and conditions contained in the Charge;
- (b) that if the Leases provided for the abatement of rent during the repair of the demised premises by reason of fire or other casualty, the Assignor shall furnish

rental insurance to the Assignee, the policies to be in an amount and form and written by such insurance companies as shall be satisfactory to the Assignee;

- (c) not to terminate or to accept a surrender of any of the Leases without the written consent of the Assignee, such consent not to be unreasonably withheld, and that any attempted termination or acceptance of surrender of the Leases without such written consent shall be null and void;
- (d) not to modify or amend the Leases or any of the terms thereof, or grant any concessions in connection therewith, either orally or in writing, without the written consent of the Assignee, and that any attempted modification or amendments of the Leases or grant of concession in connection therewith without such written consent shall be null and void;
- (e) not to collect any of the rent, income and profits arising or accruing under the Leases in advance of the time when the same become due under the terms thereof;
- (f) not to discount any future accruing rents;
- (g) not to execute any other assignments of the Leases or any interest therein or any of the rents thereunder;
- (h) to perform all of the Assignor's covenants and agreements as lessor under the Leases and not to suffer or permit to occur any release of liability of the Lessees, or any rights to the Lessees to withhold payment of rent; and to give prompt notices to the Assignee of any notice of default on the part of the Assignor with respect to the Leases received from the Lessees, and to furnish the Assignee with complete copies of said notices;
- (i) that all offers to lease and Leases shall be bona fide, the terms of which are to be approved by the Assignee prior to execution, and shall be at rental rates and terms consistent with comparable space in the area of the lands and premises described herein;
- (j) that the Assignor will provide to the Assignee leasing activity reports in respect of the lands and premises herein forthwith on request by the Assignee;
- (k) if so requested by the Assignee, to enforce the Leases and all remedies available to the Assignor against the Lessees, in case of default under the Leases by the Lessees;
- (l) that none of the rights or remedies of the Assignee under the Charge shall be delayed or in any way prejudiced by this Assignment;
- (m) that notwithstanding any variation of the terms of the Charge or any extension of time for payment thereunder, the Leases and benefits hereby assigned shall continue as additional security in accordance with the terms hereof;
- (n) not to alter, modify or change the terms of any guarantees of any of the Leases or cancel or terminate such guarantees without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (o) not to consent to any assignment of the Leases, or any subletting thereunder, whether or not in accordance with their terms, without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (p) not to request, consent to, agree to or accept a subordination of the Leases to any mortgage or other encumbrance now or hereafter affecting the premises;
- (q) not to exercise any right of election, whether specifically set forth in any such Leases or otherwise which would in any way diminish the tenant's liability or have the effect of shortening the stated term of the Leases; and
- (r) to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this Assignment or any notice hereof which may be required and of every renewal related thereto.

Upon any vesting of title to the property secured under the Charge in the Assignee or other party by court order, operation of law, or otherwise or upon delivery of a deed or deeds pursuant to the Assignee's exercise of remedies under the Charge, all right, title and interest of the Assignor in and to the Leases shall by virtue of this Assignment, thereupon vest in and become the absolute property of the party vested with such title or the grantee or grantees in such deed or deeds without any further act or assignment by the Assignor. The Assignor hereby irrevocably appoints Assignee and its successors and assigns, as its agent and attorney in fact, to execute all instruments of assignment or further assurances in favour of such party vested with title or the grantee or grantees. This power is coupled with an interest and is irrevocable until this Assignment is discharged and the security interests created by this Assignment are released.

In the exercise of the powers herein granted to the Assignee, no liability shall be asserted or enforced against the Assignee, all such liability being hereby expressly waived and released by the Assignor. The Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Leases, or under or by reason of this Assignment and the Assignor shall and does hereby agree to indemnify the Assignee for, and to save and hold it harmless of and from, any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Assignee incur any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defence of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, shall be secured hereby, and the Assignor shall reimburse the Assignee therefore immediately upon demand.

Although it is the intention of the parties that this Assignment shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding that the Assignee shall not exercise any of the rights or powers herein conferred upon it until an Event of Default (as defined in the A&R Debenture Indenture) shall occur, but upon the occurrence of any such Event of Default, the Assignee shall be entitled, upon notice to the Lessees, to all rents and other amounts then due under the Leases and thereafter accruing, and this Assignment shall constitute a direction to and full authority to the Lessees to pay all such amounts to the Assignee without proof of the default relied upon. The Lessees are hereby irrevocably authorized to rely upon and comply with any notice or demand by the Assignee for the payment to the Assignee of any rental or other sums which may be or thereafter become due under the Leases regardless whether any default under the Charge has actually occurred or is then existing.

This Assignment is intended to be additional to and not in substitution for or in derogation of any assignment of rents contained in the Charge or in any other document. In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Assignment, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in in this Assignment which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment shall include any extensions and renewals of the Leases and any reference herein to the Leases shall be construed as including any such extensions and renewals.

If the Assignor comprises more than one person, all covenants and liabilities entered into, by or imposed upon the Assignor shall be joint and several. Each Assignor, if more than one, is responsible both individually and together with the other Assignor(s) for all obligations of the Assignor to the Assignee pursuant to this Assignment.

This Assignment shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Assignment shall be binding upon and enure to the benefit of the respective successors and assigns of the parties hereto. The words "Assignor", "Assignee" and "Lessees", wherever used herein, and designated as such and their respective heirs, administrators, successors and assigns, and all words and phrases shall be taken to include the singular or plural and masculine, feminine or neuter gender, as may fit the case.

In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Assignment, the provisions contained in the A&R Debenture Indenture shall prevail to the extent

of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Assignment, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment may be signed in counterparts and transmitted by electronic transmission. Each counterpart shall be deemed to be an original and all such separate counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Assignor has executed this Assignment as of the date first written above.

ALEAFIA FARMS INC.

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B...

Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEE44F1...

Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B...

Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEE44F1...

Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

This is Exhibit "W" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

Properties

PIN 32040 - 0546 LT *Interest/Estate* Fee Simple
Description FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3
2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1
AND 2 2R7264; COUNTY OF BRANT
Address 20 WOODSLEE AVENUE
PARIS

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name EMBLEM CANNABIS CORPORATION
Address for Service c/o Aleafia Health Inc.
85 Basaltic Road
Concord, Ontario
L4K 1G4

I, Geoffrey M. Benic, President and I, Greg Rossi, Secretary, have the authority to bind the corporation.
This document is not authorized under Power of Attorney by this party.

Chargee(s) *Capacity* *Share*

Name 1260356 ONTARIO LIMITED
Address for Service 100 Zenway Boulevard
Woodbridge, Ontario
L4H 2Y7

Provisions

Principal \$20,000,000.00 *Currency* CDN
Calculation Period
Balance Due Date On Demand
Interest Rate
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms
Insurance Amount Full insurable value
Guarantor

Additional Provisions

See Schedules

Signed By

Nicolina Perrone Box 48 Suite 5300, TD Bank Tower acting for Signed 2021 10 04
Toronto Chargor(s)
M5K 1E6

Tel 416-362-1812

Fax 416-868-0673

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

MCCARTHY TETRAULT LLP Box 48 Suite 5300, TD Bank Tower 2021 10 04
Toronto
M5K 1E6

Tel 416-362-1812

Fax 416-868-0673

Fees/Taxes/Payment

Statutory Registration Fee	\$65.30
Total Paid	\$65.30

File Number

Chargee Client File Number : 225708-543588

DEMAND DEBENTURE

EMBLEM CANNABIS CORPORATION

PRINCIPAL SUM: \$20,000,000.00

DATE: October 4, 2021

1. Acknowledgement and Promise to Pay

Emblem Cannabis Corporation (the “**Chargor**”), a corporation incorporated under the laws of Ontario, for value received, hereby acknowledges itself indebted to 1260356 Ontario Limited (the “**Holder**”) with an address at 100 Zenway Boulevard Woodbridge, ON L4H 2Y7 Attention: Colby De Zen, E-mail: cdzen@zzengroup.com, and covenants and promises: (i) to pay on demand following the occurrence and during the continuance of an Event of Default the Principal Sum to or to the order of the Holder, in lawful money of Canada; and (ii) to perform the obligations secured (as defined herein). The Chargor promises to pay, on demand, interest in like money on the amount of the Principal Sum outstanding from time to time and on all other amounts from time to time owing hereunder at the rate of 25% *per annum*, calculated semi-annually, not in advance. Such interest will be payable both before and after maturity, demand, default and judgment. The Chargor promises to pay interest, on demand, at the same rate, on overdue interest, calculated and payable monthly on the first Business Day of each and every month until paid.

2. Place of Payment

The Chargor promises to pay the Principal Sum, interest and all other amounts from time to time owing hereunder at the office of the Holder at which any notice may be given to the Holder in connection with this Debenture or at such other place in Canada as the Holder may designate by notice in writing to the Chargor at any time and from time to time.

3. Continuing Security

This Debenture secures payment and performance in favour of the Holder of all the present and future Obligations of the Chargor (being herein collectively called the “**obligations secured**”).

4. Security

As continuing security for the due and punctual payment of the Principal Sum, interest, overdue interest and the obligations secured, and the performance of all the obligations secured, the Chargor does, subject to the terms hereof, hereby:

- (a) grant a security interest in and grant, mortgage, assign, transfer, hypothecate and charge as and by way of a fixed and specific mortgage and charge to and in favour of the Holder, all the right, title, estate, interest and benefit of the Chargor, present and future, in, to, under or in respect of the property legally described in Schedule 4(a) (the “**Owned Real Property**”) together with all rights and interest therein, now owned or hereafter acquired by the Chargor, including, without limitation, all

licences, easements, rights-of-way, privileges, benefits, immunities, rights and options connected therewith and/or appertaining thereto and all amendments thereto, replacements thereof and substitutions therefor from time to time, and all buildings, erections, structures, improvements, fixtures, fixed plant, fixed machinery and fixed equipment at present situate thereon or therein or which may at any time hereafter be constructed or brought or placed thereon or therein or used in connection therewith, including in each and all cases any greater or other right, title and interest therein or in any part thereof which the Chargor may acquire and hold during the currency of this Debenture, and all Proceeds of all of the foregoing;

- (b) assign, transfer and set over unto and in favour of the Holder, its successors and assigns, as and by way of a fixed and specific assignment, all of its right, title, estate and interest, present and future in and to:
 - (i) all contracts, agreements, indentures, licenses, commitments or other agreements relating to the Owned Real Property or any part or parts thereof to which the Chargor is now or subsequently a party or has a benefit, right or in which the Chargor now has or subsequently acquires an interest;
 - (ii) all amendments, extensions, renewals, replacements and substitutions of any of the property referred to in Section 4(b)(i) and all benefits, rights, remedies, privileges, claims, powers and advantages of the Chargor to be derived therefrom or thereunder (whether arising pursuant thereto or available to the Chargor at law or in equity) and all covenants, obligations and agreements of the other parties thereto including, without limitation, the right of the Chargor to enforce any of the foregoing and the obligations of the other parties thereto and to give or withhold any and all consents, requests, directions, approvals, extensions and/or waivers thereunder; and
 - (iii) all Proceeds of all of the foregoing;
- (c) create a security interest in, and, subject to the exception set out in Section 10 hereof, assign by way of security, transfer and set over unto and in favour of the Holder, its successors and assigns, as and by way of a general assignment by way of security of all of its right, title, estate and interest, present and future, in and to:
 - (i) any and all existing or future leases, subleases, agreements to lease or sublease or other occupancy or tenancy agreements relating to the whole or any part of the Owned Real Property and all existing or future licenses or concessions whereby any person is given the right (other than an easement or a right in the nature of an easement) to use or occupy the whole or any part or parts of the Owned Real Property and all extensions, amendments, renewals or substitutions thereof or therefor which may hereafter be effected or entered into (collectively, the “**Third Party Leases**”), and all benefits, powers and advantages of the Chargor to be derived therefrom and all covenants, obligations and agreements of the tenants thereunder;

- (ii) all rents and other moneys now due and payable or hereafter to become due and payable under the Third Party Leases, and each guarantee of or indemnity in respect of the obligations of the tenants thereunder with full power to demand, sue for recovery, receive and give receipts for all such rents and other moneys and otherwise to enforce the rights of the Chargor thereto in the name of the Chargor;
 - (iii) any and all existing or future agreements, contracts, licenses, permits, plans and specifications, bonds, letters of credit, letters of guarantee or other documents or instruments affecting or relating primarily to the servicing or development of the Owned Real Property or any part or parts thereof or the construction, use, operation or maintenance of buildings, erections, structures, improvements and fixtures thereon and all extensions, amendments, renewals or substitutions thereof or therefor which may hereafter be effected or entered into and all benefit, power and advantage of the Chargor to be derived therefrom;
 - (iv) any and all existing or future agreements of purchase and sale, options to purchase and mortgage, loan or other financing commitments relating in whole or in part to the Owned Real Property or any part or parts thereof and all proceeds and other moneys now due and payable or hereafter to become due and payable thereunder and all benefit, power and advantage of the Chargor to be derived therefrom;
 - (v) all proceeds of and from any and all existing or future insurance policies in respect of property damage and rental insurance pertaining in whole or in part to the Owned Real Property and all proceeds of expropriation or similar taking of the Owned Real Property or any part or parts thereof and all benefit, power and advantage of the Chargor to be derived therefrom provided that all such proceeds shall be held and applied in accordance with the Credit Agreement; and
 - (vi) all Proceeds of all of the foregoing; and
- (d) create a security interest in and grant, convey, mortgage, assign, transfer, pledge and charge as and by way of a floating charge to and in favour of the Holder, all of its undertaking, property and assets, real and personal, immovable and moveable, which in each case is located at and used primarily in connection with or arising from the Owned Real Property, including, without limitation, all goods, money, investment property, intangibles, chattel paper, instruments, documents, inventories and goodwill, now owned or hereafter acquired by the Chargor, of whatsoever nature, kind or description (other than such thereof as may from time to time be validly and effectively subjected to the charges created under Sections 4(a), 4(b), and 4(c) of this Debenture), and all Proceeds of all of the foregoing.

The grants, conveyances, mortgages, charges, pledges, transfers, assignments and security interests created pursuant to this Section 4 (collectively, the “**Security Interests**”) shall not extend

or apply to any personal property which is “consumer goods”, as such term is defined in the Act, or as applicable in any similar personal property security legislation in any jurisdiction in which any of the Property is located, and notwithstanding Section 4(d) or any other provision hereof, shall not extend or apply to any cannabis or cannabis derived products, and no cannabis or cannabis derived products (including those located at, used primarily in connection with or arising from the Owned Real Property) will form part of the Property.

5. Representations and Warranties of the Chargor

The Chargor represents and warrants to the Holder as follows:

- (a) French Name: The Chargor does not have or use a French form of name or a combined English and French form of name;
- (b) Address: The address of the Chargor’s chief executive office is: 85 Basaltic Road, Concord, Ontario, L4K 1G4; and
- (c) Location of the Property: With the exception of inventory in transit, all tangible assets comprising the Property are situate at the Owned Real Property or the chief executive office.

The foregoing representations and warranties shall survive for so long as any of the obligations secured remain unpaid and, notwithstanding any investigation made by or on behalf of the Holder, shall continue in full force and effect for the benefit of the Holder during such period.

6. Covenants of the Chargor

So long as any of the obligations secured shall remain unpaid or the Holder has the obligation to provide credit facilities pursuant to the Credit Agreement, the Chargor covenants and agrees with the Holder as follows:

- (a) No Accessions: The Chargor shall prevent any Property from being or becoming an accession to any property not subject to the Security Interests created by this Debenture;
- (b) Change of Name/Chief Executive Office: The Chargor shall not change its name or change the location of its chief executive office to a location outside of the Province of Ontario without giving prior written notice to the Holder of the new name or chief executive office location and the date upon which such change of name or chief executive office location is to take effect;
- (c) Location of Charged Premises: Except as may be permitted by the Credit Agreement, the Chargor shall not keep, store, locate or install any Charged Premises at, or move, transport or transfer any Charged Premises to, any location other than those locations set out in Section 5(c) without the prior written consent of the Holder; and

- (d) Registrations: The Chargor will, from time to time at the request of the Holder, promptly effect all registrations, filings, recordings and all renewals thereof and all re-registrations, re-filings and re-recordings of or in respect of this Debenture and the Security Interests created hereby in such offices of public record and at such times as may be necessary or of advantage in perfecting, maintaining and protecting the validity, effectiveness and priority hereof and of the Security Interests created hereby; provided that the Holder may effect all such registrations, filings, recordings, renewals, re-registrations, re-filings and re-recordings from time to time in its sole discretion at the expense of the Chargor.

7. Habendum

TO HAVE AND TO HOLD the Property and all rights hereby conferred to the Holder forever for the uses and purposes and with the powers and authorities and subject to the terms and conditions set forth herein.

8. Definitions

Unless otherwise provided, the capitalized terms used in this Debenture shall have the meanings given to them as described in Schedule 6 hereto.

9. Attachment

The Chargor acknowledges and agrees that value has been given for the granting of the Security Interests created hereby and that there is no agreement between the Chargor and the Holder, express or implied, to postpone the attachment of the Security Interests. Subject to Section 29, the Security Interests created by this Debenture are intended to attach when this Debenture is executed by the Chargor and delivered to the Holder or in the case of after-acquired property, when the Chargor has rights or any interest in such property.

10. Reservation of Last Day of Lease

The last day of any term of years reserved by any lease or any extension or renewal thereof, oral or written, or any agreement therefor, now held or hereafter acquired by the Chargor, is hereby excepted out of the security created hereby or by any other instrument supplemental hereto and does not and shall not form part of the Property charged hereby or by any such other instrument, but should such charge become enforceable the Chargor shall stand possessed of the reversion remaining in the Chargor of any leasehold interest for the time being demised as aforesaid, upon trust to assign and dispose thereof as the Holder shall direct; and upon any sale of the leasehold interest, or any part thereof, the Holder for the purpose of vesting the aforesaid reversion of any such term or any renewal thereof in any purchaser or purchasers thereof, shall be entitled by deed or other writing to appoint such purchaser or purchasers or any other person or persons a new trustee or trustees of the aforesaid reversion of any such term or renewal thereof in the place of the Chargor and to vest the same accordingly in the new trustee or trustees so appointed, freed and discharged from any obligation respecting the same.

11. Excluded Collateral and Consents

Nothing herein shall constitute an assignment, mortgage, charge or security interest or attempted assignment, mortgage, charge or security interest of or in any contract, agreement, license, lease or permit which by the provisions thereof or by law is not assignable or cannot be made the subject of a mortgage, charge or security interest or which requires the consent of a third party to its assignment or being made subject to a mortgage, charge or security interest, unless such consent has been obtained. In each such case, the Chargor shall promptly, upon written request by the Holder acting reasonably, use commercially reasonable efforts to obtain the consent of any necessary third party to its assignment hereby and to its further assignment by the Holder to any third party who may acquire same as a result of the exercise by the Holder of remedies after demand. Upon such consent being obtained or waived, the assignments, mortgages, charges and security interests provided for herein shall apply to the applicable contract, agreement, license, lease or permit without regard to this section and without the necessity of any further assurance to effect such assignments, mortgages, charges or security interests. Unless and until such consent is obtained as provided above, the Chargor shall, to the extent it may do so by law or pursuant to the provisions of the document or interest referred to therein, hold all right, title, estate, interest and benefit to be derived from the applicable contracts, agreements, licenses, leases or permits in trust for the Holder (including, without limitation, the Chargor's beneficial interest in any contract, agreement, license, lease or permit which may be held in trust for the Chargor by a third party) as additional security for payment of the obligations secured and shall, upon the occurrence of an Event of Default that is continuing deliver up all such right, title, interest and benefit to the Holder, forthwith upon demand by the Holder.

12. Holder Not To Be Obligated

The Holder will not be liable to the Chargor or any other person for any failure or delay in exercising any of the rights of the Holder under this Debenture (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Property, or to preserve rights against prior parties). Neither the Holder, nor any receiver or agent of the Holder, is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other persons under any Property in its possession. Neither the Holder nor any receiver or agent will be liable for any, and the Chargor will bear the full risk of all, loss or damage to any and all of the Property (including any Property in the possession of the Holder or any receiver or agent) caused for any reason other than the gross negligence or wilful misconduct of the Holder or such receiver or agent. Nothing herein contained shall have the effect of making the Holder responsible for the collection of any accounts or rents or any part thereof or for the performance of any obligations, covenants, terms or conditions in favour of any lessee or in favour of any party to any other agreement or contract with the Chargor or to whom the Chargor may be otherwise obligated. The Holder shall be liable to account only for such moneys as may actually come into its hands, and any such moneys when received by it may be applied on account of any of the Principal Sum, interest and other amounts secured hereby. The Holder shall not be, by reason of the assignment provisions of this Debenture or the exercise of any right granted herein, responsible for any act committed by the Chargor or any breach or failure to perform by the Chargor with respect to any of the Assigned Benefits. The Holder shall not be liable for and no credit shall be given in respect of any uncollected rents or other uncollected amounts. The Holder shall not be liable to any lessee or other party for the return of any security deposit made

under any lease or contract unless the Holder shall have actually received such security deposit. The Holder shall not be deemed by virtue only of the grant of this Debenture, the exercise by the Holder of its rights under the assignment provisions of this Debenture, or the assumption of certain obligations of the Chargor after an Event of Default, to be a mortgagee in possession of the Property or any portion thereof. The Holder will have no obligation or liability under any account or monetary obligation (an “**Account**”), or any agreement, contract, lease or other document comprising the Property (each a “**Contract**”) giving rise thereto, by reason of or arising out of this Debenture or the receipt by the Holder of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Holder will not be obligated in any manner to perform any of the obligations of the Chargor under or pursuant to any Account (or any Contract giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any Contract giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time. Care, control and management of the Property shall remain and be deemed to be with the Chargor in the absence of clear and unequivocal action by the Holder depriving the Chargor of such care, control and management and the assumption thereof by the Holder or any receiver or agent. No credit shall be given by the Holder for any sum or sums collected in respect of the rents or other amounts, until the money collected is actually received by the Holder at the address provided herein, nor shall credit be given for any rent or other amounts after the Holder obtains ownership of the Property or part thereof under court order or by operation of law.

13. Events of Default

The Principal Sum, interest and all other obligations secured shall become immediately payable and the security hereby constituted shall become enforceable upon the occurrence of an Event of Default and shall be enforceable for so long as such Event of Default is continuing.

14. Waiver of Default

The Holder may by notice to the Chargor waive in whole or in part any default of the Chargor on such terms and conditions as the Holder may determine, but no such waiver shall be taken to affect any subsequent default or the rights resulting therefrom. No delay by the Holder in the enforcement of its rights under this Debenture shall be deemed to constitute a waiver of a default.

15. Remedies

Upon the occurrence and during the continuance of an Event of Default, the Holder may proceed to realize upon the security hereby constituted and to enforce its rights:

- (a) by written notice to the Chargor, declaring the obligations secured to be immediately due and payable;
- (b) immediately and without notice by entry, with the right to have, hold, use, occupy, possess, disable, remove and enjoy the Property or any part thereof without the let, suit, hindrance, interruption or denial of the Chargor, its successors or assigns;

- (c) by entry, with the right to make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Owned Real Property or any part thereof, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Property or any part thereof as it may deem expedient, and all reasonable costs, charges and expenses, including allowances for the time and service of any employee of the Holder or other person appointed for the above purposes shall be added to the Principal Sum and shall be secured hereby and payable forthwith together with interest thereon calculated at the rate and at the times and in the manner provided for herein for interest arrears on the Principal Sum;
- (d) by the appointment, by an instrument in writing, of any person or persons, whether an officer or officers or an employee or employees of the Holder or not, as a receiver or receivers of all or any part of the Property, and the Holder may remove any receiver or receivers so appointed and appoint another or others in its or their stead;
- (e) exercise those remedies provided for under the provisions of Section 20 or other sale permitted at law;
- (f) by proceedings in any court of competent jurisdiction for the appointment of one or more receivers under any applicable law;
- (g) proceed in any court of competent jurisdiction for foreclosure and/or judicial sale of all or any part of the Property;
- (h) in such other manner as is permitted by the Credit Agreement;
- (i) by any other action, suit, proceeding or other remedy authorized or permitted by law or by equity;
- (j) in connection with any assigned rights and benefits under Sections 4(b) and 4(c) (“**Assigned Benefits**”), the Holder may:
 - (i) give to any lessee or other person from whom the Holder would have been entitled to receive or claim any benefit under the Assigned Benefits in question (herein called the “**Other Parties**” or “**Other Party**”) express notice in writing of this assignment and thereafter the Holder shall be entitled to the benefit of subsection 53(1) of the *Conveyancing and Law of Property Act* (Ontario) or other similar applicable legislation. The Holder may, after giving such notice, deal with the Other Party or Other Parties in respect of the Assigned Benefits without reference to or consent of the Chargor, as if the Holder were the absolute owner of the Assigned Benefits;
 - (ii) give notice to any Other Party to pay rents to the Holder and otherwise honour the rights of the Holder under this assignment. The Chargor agrees that any Other Party may rely upon any notice given by the Holder or on its behalf;

- (iii) at its option, assume or perform any such obligations as the Holder considers necessary or desirable to obtain the benefit of the Assigned Benefits, free of any set-off, deduction or abatement, and any money reasonably expended by the Holder in this regard shall form part of and be deemed to form part of the obligations secured and bear interest at the rate stipulated in this Debenture provided that it is expressly acknowledged and agreed that nothing herein contained shall oblige the Holder to assume or perform any obligation of the Chargor to any third party in respect of or arising out of the Assigned Benefits or any of them;
- (k) retain and administer the Property in the Holder's sole and unfettered discretion;
- (l) the Holder on its own account or through a receiver and whether alone or in conjunction with the exercise of all or any other remedies contemplated by this Debenture, shall have the right, at any time, to notify and direct Account Debtors and any Person obligated to the Chargor under a promissory note or bill of exchange to make all payments whatever to the Holder and the Holder shall have the right, at any time, to hold all amounts acquired from any Account Debtors and any Person obligated to the Chargor under a promissory note or bill of exchange and any Proceeds as part of the Property. Upon the occurrence and during the continuance of an Event of Default any payments received by the Chargor shall be held by the Chargor in trust for the Holder in the same medium in which received, shall not be commingled with any assets of the Chargor and shall, at the request of the Holder be turned over to the Holder not later than the next Business Day following the day of their receipt; and
- (m) pay any Liens or other claims that may exist or be threatened against the Property, and any amount so paid together with costs, charges and expenses incurred shall be added to the obligations secured.

16. Possession of Property

Where any Property is in the possession of the Holder or any receiver or agent:

- (a) the Holder shall only have the duty of care with respect to such Property as would a reasonable and prudent owner, including the duty to use reasonable care in the custody and preservation thereof, provided that the Holder need not take any steps of any nature to defend or preserve the rights of the Chargor therein against the claims or demands of others or to preserve rights therein against prior parties; and
- (b) the Holder or any receiver or agent may, at any time following the occurrence and during the continuance of an Event of Default, use such Property in any manner and to such extent as it deems necessary or desirable.

17. Deficiency

Without limiting any rights the Chargor may have at law, the Chargor shall be liable to pay any deficiency in the obligations secured hereunder that are remaining after the sale or disposition of the Property.

18. Remedies Cumulative

No remedy for the realization of the security hereby constituted or for the enforcement of the rights of the Holder shall be exclusive of or dependent upon any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

19. Receiver

Subject to the provisions of any instrument in writing appointing a receiver or receivers, upon the appointment hereunder of a receiver of the Property or any part thereof, the following provisions shall apply:

- (a) Every such receiver shall have unlimited access to the Property as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority to, without limitation:
 - (i) take possession of the Property or any part thereof;
 - (ii) carry on or concur in carrying on the business of the Chargor;
 - (iii) collect all Revenues owing or earned in respect of the Owned Real Property and collect the rents and profits from leases and tenancies whether created before or after the date hereof;
 - (iv) lease or concur in leasing any portion of the Property which may become vacant on such terms and conditions as it considers advisable and enter into and execute leases, accept surrenders and terminate leases;
 - (v) complete the construction of any building or buildings or other erections or improvements on the Property left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;
 - (vi) insure, manage, operate, repair, alter or extend the Property; and
 - (vii) sell, lease or otherwise dispose of all or any part of the Property, and the Chargor undertakes to ratify and confirm whatever any such receiver may do with respect to the Property.

- (b) The Holder may at its discretion vest the receiver with all or any of the rights and powers of the Holder.
- (c) The Holder may fix the remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Property.
- (d) Every such receiver shall be deemed the agent or attorney of the Chargor and not the agent of the Holder, and the Holder shall not be in any way responsible for the acts or omissions of any such receiver.
- (e) The appointment of any such receiver by the Holder shall not result in or create any liability or obligation on the part of the Holder to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Holder a mortgagee in possession or responsible as such.
- (f) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by it in respect of the Property, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:
 - (i) its remuneration as aforesaid;
 - (ii) all costs and expenses of every nature and kind incurred by it in connection with the exercise of its powers and authority hereby conferred;
 - (iii) interest, principal and other money which may, from time to time, be or become charged upon the Property in priority to this Debenture, including taxes;
 - (iv) to the Holder all interest, the Principal Sum and other monies constituting obligations secured that are due in such order as the Holder in its discretion shall determine; and
 - (v) and thereafter, every such receiver shall be accountable to the Chargor for any surplus as required by applicable law.

The reasonable remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Property and shall bear interest from the date of demand at the same rate as applies to the Principal Sum hereby secured.

- (g) Every such receiver may, with the consent in writing of the Holder, borrow money for the purpose of maintaining, protecting or preserving the Property or any part thereof, or for the purpose of carrying on the business of the Chargor in respect of the Property, and any receiver may issue certificates (in this sub clause called “**receiver’s certificates**”) for such sums as will, in the opinion of the Holder, be sufficient for obtaining security upon the Property or any part thereof for the

amounts from time to time so required by the receiver, and such receiver's certificate may be payable either to order or to bearer and may be payable at such time or times, and shall bear such interest as the Holder may approve and the receiver may sell, pledge or otherwise dispose of the receiver's certificates in such manner and may pay such commission on the sale thereof, as the Holder may consider reasonable, and the amounts from time to time payable by virtue of such receiver's certificates shall form a charge upon the Property in priority to the amounts secured under this Debenture.

- (h) Save as to claims for accounting to which the Chargor is entitled under applicable law pursuant to clause (f) above, the Chargor hereby releases and discharges any such receiver from every claim of every nature, whether in damages or not which may arise or be caused to the Chargor or any person claiming through or under it by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of wilful misconduct, gross negligence, dishonesty or fraud.
- (i) The Holder may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver.
- (j) The statutory declaration of an officer of the Holder as to the occurrence of an Event of Default, under the provisions of this Debenture and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.
- (k) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Holder may have.

20. Sales

Upon the obligations secured hereby constituted becoming enforceable and the Holder making demand hereunder:

- (a) **Method of Sale** – The Holder may, upon the expiry of any applicable notice period, either before or after any entry, sell and dispose of the Property or any part thereof including, without limitation, any rents and profits thereof either as a whole or in separate parcels, at public auction or by tender or by private sale at such time or times as the Holder may determine, and may make such sale either for cash or credit or part cash and part credit, and with or without advertisement, and upon such conditions as to upset price and with or without a reserve bid as the Holder may deem proper.
- (b) **Rescission and Resale** – The Holder may rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred

hereunder and adjourn any such sale from time to time without being answerable for any loss occasioned by such sale or by any postponement thereof.

- (c) **Deeds** – The Holder may execute and deliver to the purchaser or purchasers of the Property or any part thereof good and sufficient deeds, assurances and conveyances for the same, the Holder being hereby constituted the irrevocable attorney of the Chargor for the purpose of making such sale and executing such deeds, assurances and conveyances.
- (d) **Sale, Bars, Claims through Chargor** – Any such sale made as aforesaid shall be a perpetual bar, both in law and in equity, against the Chargor and all other persons claiming an interest in the Property or any part thereof, by, from, through or under the Chargor.
- (e) **Sale Proceeds** – In the case of a sale for cash or credit, or part cash and part credit, the Holder shall be bound to pay to the Chargor only such moneys as have been actually received from purchasers after the satisfaction of all claims of the Holder including payment of any costs, charges and expenses (including without limitation all solicitors' fees on a substantial indemnity basis, or solicitor and client basis, as applicable) reasonably incurred by the Holder in the taking, recovering, collecting, realising on, keeping possession of, and any sale of, the Property.

21. Prior Encumbrances and Expenses

If an Event of Default has occurred and is continuing, the Holder may pay the amount of any Lien now or hereafter existing, or to arise or to be claimed upon the Property having priority over this Debenture, including any taxes, utility charges or other rates on the Property, or any of them, and may pay all reasonable costs, charges and expenses (other than any such costs, charges and expenses arising as a result of the gross negligence or wilful misconduct of the Holder) and all reasonable solicitors' fees on a substantial indemnity basis, which may be incurred in taking, recovering and keeping possession of the Property, or in protecting, repairing, restoring or preserving the Property, and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize upon the security created in this Debenture, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor hereunder whether any action or any judicial proceedings to enforce such payments has been taken or not. The amount so paid shall be added to the debt hereby secured and be a charge on the Property and shall bear interest at the rate aforesaid, and shall be payable forthwith by the Chargor to the Holder. In the event of the Holder paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, the Holder shall be entitled to all the rights, equities and securities of the Chargor as against the person or persons, company, corporation, or governmental authority so paid.

22. No Set-Off, etc.

The Principal Sum, interest and other amounts hereby secured will be paid and shall be assignable in accordance with the terms of the Credit Agreement free from any right of set-off or counterclaim or equities between the Chargor and the Holder or any other person or persons.

23. No Merger

The taking of a judgment or judgments under any of the covenants in this Debenture shall not operate as a merger of the covenant or affect any other right of the Holder under this Debenture or otherwise.

24. Encumbrance in Addition, etc.

This Debenture is in addition to and not in substitution for any other security now or hereafter held by the Holder or any other person. Notwithstanding any other provision hereof, any payments to the Holder shall be appropriated by the Holder subject to and in accordance with the provisions of the Credit Agreement. The taking of any action or proceedings or refraining from so doing, or any other dealing with any other security for the monies secured hereby, shall not release or affect the charge of this Debenture and the taking of the security hereby granted or any proceedings hereunder for the realization of the security hereby granted and shall not release or affect any other security held by the Holder for the monies hereby secured.

25. Pledge of Debenture

This Debenture at any time and from time to time may be assigned, transferred, pledged, hypothecated, lodged, deposited or delivered by the Chargor to the Holder as security for the obligations secured and in such event this Debenture shall not be deemed to have been discharged or redeemed or the amounts payable hereunder to have been satisfied or reduced by reason of the account of the Chargor having ceased to be in debit while this Debenture remained so assigned, transferred, pledged, hypothecated, lodged, deposited or delivered.

26. Demand Debenture

For greater certainty all amounts payable under this Debenture are payable on demand upon the occurrence of an Event of Default which is continuing.

27. Quiet Possession

Subject to the provisions of the Credit Agreement, until an Event of Default has occurred, it shall be lawful for the Chargor to peaceably and quietly have, hold, use, occupy, possess and enjoy the Property, and receive and take the rents and profits thereof for its own use and benefit, without let, suit, hindrance, interruption or denial by the Holder, or any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for it, them or any or either of them. If any Event of Default has occurred and is continuing, subject to applicable laws the Holder may peaceably and quietly enter into and hold and occupy the Property without hindrance, interference or denial of the Chargor or of anyone claiming under it or of any prior encumbrances whatsoever, except Permitted Liens.

28. No Obligation to Advance

Neither the execution and delivery nor the registration of this Debenture shall for any reason whatsoever obligate or bind the Holder or any secured party to advance any monies, or, having advanced a portion, obligate the Holder or any secured party in any way to advance the balance thereof; but nevertheless the charge shall take effect forthwith upon execution of this Debenture and shall operate as security for the actual amount of all the debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Chargor to the Holder under the Credit Agreement, the other Loan Documents and otherwise owing under this Debenture.

29. After-Acquired Property

The Chargor covenants and agrees that, if and to the extent that any of its right, title, estate and interest in any of the Property is not acquired until after delivery of this Debenture, this Debenture shall nonetheless apply thereto and the mortgages, charges, assignments, transfers, pledges and security interests in favour of the Holder hereby created shall attach to such Property, subject to Sections 4 and 10, at the same time as the Chargor acquires rights therein, without the necessity of any further mortgage, charge, pledge, assignment, transfer, grant of security interest or assurance. The Chargor covenants and agrees to take such actions and execute such further and other documentation and/or instruments in respect of any after-acquired property at such time or times and in such form and manner as the Holder may reasonably request.

30. Indemnity

The Chargor agrees to indemnify the Holder against and hold the Holder harmless from any and all losses, claims, cost recovery actions, damages, expenses and liabilities of whatsoever nature or kind and all reasonable out-of-pocket expenses (including reasonable fees, charges and, subject to the limitation referred to in Section 8.3(1)(a) of the Credit Agreement, disbursements of counsel) and all applicable taxes, to which the Holder may become subject arising out of or in connection with (a) the execution or delivery of this Debenture, the performance by the Chargor of its obligations hereunder, and the consummation of any transactions hereunder, (b) any other aspect of this Debenture, or (c) the enforcement of the Holder's rights hereunder and any related assessment, investigation, defence, preparation of defence, litigation and enquiries; provided that such indemnity shall not be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or wilful misconduct of or material breach of the Credit Agreement by the Holder.

31. Conflicts

This Debenture is being entered into pursuant to the Credit Agreement. In the event of any conflict, inconsistency, ambiguity or difference between the terms of this Debenture and the terms of the Credit Agreement, the terms of the Credit Agreement shall govern and be paramount to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference. Notwithstanding the foregoing, if there is any right or remedy of the Holder set out in this Debenture or any part

hereof which is not set out or provided for in the Credit Agreement, such additional right or remedy shall not constitute a conflict or inconsistency and the Holder shall, notwithstanding this Section 31, be entitled to exercise such rights and enforce such remedies. Without limiting the foregoing, notwithstanding the principal amount stated herein, the interest rate specified and the payment date of such interest set out in this Debenture, the principal amount due, the interest rate specified and the time for payment hereunder shall be in accordance with the terms of the Credit Agreement.

32. Extension of Time/Forbearance

The Holder will not be obliged to exhaust its recourse against the Chargor or any other person or against any other security it may hold in respect of the obligations secured before realizing upon or otherwise dealing with the Property in such manner as the Holder may consider desirable. The Holder may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Property to third parties and otherwise deal with the Chargor's guarantors or sureties and others and with the Property as the Holder may see fit without prejudice to the obligations secured or the Holder's rights, remedies and powers under this Debenture. No extension of time, forbearance, indulgence or other accommodation now, previously or hereafter given by the Holder to the Chargor shall operate as a waiver, alteration or amendment of the Holder's rights or to otherwise preclude the Holder from enforcing such rights.

33. Power of Attorney

After an Event of Default has occurred and during its continuance, the Chargor hereby irrevocably nominates, constitutes and appoints each officer or director of the Holder from time to time, or of any receiver appointed (as agent of the Chargor) as provided for in this Debenture, as the true and lawful attorney of the Chargor with full power of substitution in the name of the Chargor to do all such acts and things, to deal with the Property, and to execute and deliver all such deeds, transfers, leases, contracts, agreements and other documents or instruments on its behalf and in its place (and the same shall bind the Chargor and have the same effect as if such documents were executed by the Chargor) and with the right to use the name of the Chargor, whenever and wherever it may be deemed necessary or expedient in the sole discretion of the Holder, in connection with carrying out the provisions of this Debenture or the exercise of the rights and remedies set forth in this Debenture. The Chargor hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with the terms hereof. The power of attorney granted in this Section 33 may only be exercised following an Event of Default. The Chargor hereby declares that the irrevocable power of attorney granted hereby, being coupled with an interest in favour of the Holder, is given for valuable consideration and shall remain in full force and effect until this Debenture is discharged in accordance with the terms of this Debenture.

34. Revolving Credit

It is acknowledged and agreed that this Debenture may secure, *inter alia*, from time to time, revolving lines of credit and shall not be considered to have been satisfied or discharged by any intermediate payment of the whole or part of the obligations secured. This Debenture secures all of the obligations secured, including all advances and re-advances made under revolving lines of credit.

35. Statutory Waivers

To the fullest extent permitted by law, the Chargor waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the powers, rights or remedies of a lender or upon the methods of realization of security, including any seize or sue or anti deficiency statute or any similar provisions of any other statute.

36. Provisions Reasonable

Each party hereto acknowledges and declares that it has entered into this Debenture freely and of its own will. In particular, each party hereto acknowledges that this Debenture was freely negotiated by the Chargor and the Holder in good faith, that this Debenture does not constitute a contract of adhesion, that there was no exploitation of the Chargor by the Holder, and that there is no disproportion between the consideration provided by the Holder and that provided by the Chargor.

37. Notice

Any notice, consent, demand, approval or other communication required or permitted to be given in connection with this Debenture shall be in writing and shall be sufficiently given if given in accordance with the Credit Agreement.

38. Further Assurances

At any time and all times the Chargor will do, execute, acknowledge and deliver or will cause to be done, executed, acknowledged and delivered all such further acts, deeds, conveyances, mortgages, transfers and assurances in law as the Holder shall reasonably require for the purpose of giving the Holder a valid mortgage, charge or security of the nature herein specified upon all property intended to be covered hereby, and for the better assuring, conveying, mortgaging, assigning, confirmation or charging unto the Holder all and singular the hereditament and premises, estates and property hereby mortgaged and charged, or intended so to be, in favour of the Holder.

39. Registration

The Holder shall have the right at any time and without notice to cause this Debenture or notice thereof to be registered or filed in any office of public record where the Holder considers it necessary.

40. References

All references to articles, sections, subsections, paragraphs, subparagraphs, clauses and schedules unless otherwise specified are to articles, sections, subsections, paragraphs, subparagraphs and clauses of and schedules to this Debenture.

41. Headings

The insertion of headings is for convenience of reference only and shall not affect the interpretation of this Debenture.

42. Number and Gender

Words importing the singular include the plural and vice versa and words importing gender include all genders.

43. Governing Law

This Debenture shall be governed in all respects by the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract save in respect of the security created pursuant hereto upon: (i) real property situate in any province of Canada other than Ontario, which shall be governed by the laws of the province in which such property is situate, and (ii) personal property, to the extent that any laws of any other province apply as a result of the application of conflict of laws rules.

44. Currency

Except where otherwise expressly provided in this Debenture, all amounts in this Debenture are stated and shall be paid in the lawful currency of Canada.

45. Amendment

No amendment of this Debenture shall be binding unless in writing and signed by the parties.

46. Severable

If any provision of this Debenture is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected.

47. Successors and Assigns

This Debenture shall be binding upon and enure to the benefit of the parties and their respective heirs, executors, administrators, successors and permitted assigns, all assignments to be in accordance with the provisions of the Credit Agreement. Subject to the provisions of the Credit Agreement, the Holder may assign, transfer and deliver to any transferee of the obligations secured, or any part thereof, the liability of the Chargor under this Debenture and any security, documents or instruments held by the Holder in respect of this Debenture and no such assignment, transfer or delivery shall release the Chargor from its liability; thereafter but subject to the provisions of the Credit Agreement, the Holder shall be fully discharged from all responsibility with respect to this Debenture and security, documents and instruments so assigned, transferred or delivered and the permitted transferee shall be vested with the powers and rights of the Holder under this Debenture and under the security, documents or instruments assigned, transferred or delivered. The Holder, however, shall retain all powers and rights with respect to any security, documents or instruments not assigned, transferred or delivered.

48. Insurance Act Waiver

In the event that the proceeds of any insurance are applied to the payment of the obligations secured, the Chargor hereby irrevocably waives any and all statutory provisions which may require that proceeds of insurance be used to restore or rebuild the Owned Real Property.

49. Limited Recourse

The Holder acknowledges and agrees that notwithstanding any other provision hereof, the only remedy that the Holder shall have against the Chargor in the event of non-payment by the Chargor of the obligations secured is to realize upon the Property. For greater certainty, it is hereby declared that the Holder shall in no circumstance have any right of payment from the Chargor hereunder independent of the foregoing, and the Chargor shall not be liable to the Holder for any deficiency hereunder resulting from any such realization or otherwise.

50. Receipt of Copy

The Chargor acknowledges receipt of a copy of this Debenture and hereby expressly waives the right to receive a copy of any financing statement or a copy of the statement confirming the registration of any financing statement that may be registered in connection with any security interest created under this Debenture.


51. Discharge

Upon full and final payment and performance of the Obligations and permanent cancellation of the Commitment, the Holder shall upon request in writing by the Chargor deliver up this Debenture to the Chargor and shall at the expense of the Chargor cancel and discharge the Security Interests and execute and deliver to the Chargor such documents as shall be requisite to discharge the Security Interests. Any execution and delivery of documents pursuant to this Section 51 shall be without recourse to or warranty by the Holder.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF the Chargor has caused this Debenture to be executed as of the date first written above.

EMBLEM CANNABIS CORPORATION

By:  _____
Name: Geoffrey M. Benic
Title: President

By:  _____
Name: Greg Rossi
Title: Secretary

I/We have authority to bind the Chargor.

SCHEDULE 4(a)

Legal Description of Owned Real Property

Municipal Address	PIN	Legal Description
20 Woodslee Avenue, Paris, Ontario	PIN 32040-0546 (LT)	FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3 2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 AND 2 2R7264; COUNTY OF BRANT

SCHEDULE 6

DEFINITIONS

In the attached Debenture, terms used but not otherwise defined therein that are defined in the Credit Agreement shall have the meanings given to them in the Credit Agreement, and the following terms shall have the following meanings:

- (i) “**Account**” has the meaning given to it in Section 12.
- (ii) “**Account Debtor**” means any Person who becomes obligated to the Chargor under, with respect to, or on account of, an Account.
- (iii) “**Act**” means the *Personal Property Security Act* (Ontario).
- (iv) “**Assigned Benefits**” has the meaning given to it in Section 15(j).
- (v) “**Charged Property**” means the property subject to the floating charge contained in Section 4(d).
- (vi) “**Chargor**” has the meaning given to it in Section 1.
- (vii) “**Contract**” has the meaning given to it in Section 12.
- (viii) “**Credit Agreement**” means the credit agreement dated as of August 20, 2021 between Aleafia Health Inc., as borrower, and the Holder, as lender, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time.
- (ix) “**Holder**” has the meaning given to it in Section 1.
- (x) “**Mortgaged Property**” means the property and assets subject to the fixed and specific mortgage (including the mortgage by way of sublease), charge pledge, grant, assignment, transfer, hypothecation and security interest contained in Sections 4(a), 4(b) and 4(c) of this Debenture.
- (xi) “**obligations secured**” has the meaning given to it in Section 3.
- (xii) “**Other Parties**” or “**Other Party**” has the meaning given to it in Section 15(j)(i).
- (xiii) “**Owned Real Property**” has the meaning given to it in Section 4(a).
- (xiv) “**Principal Sum**” means \$20,000,000.00 in lawful money of Canada.
- (xv) “**Proceeds**” means all proceeds and personal property in any form derived directly or indirectly from any dealing with all or any part of the Property and any insurance or payment that indemnifies or compensates for such property lost, damaged or destroyed, and proceeds of proceeds and any part of any such proceeds.
- (xvi) “**Property**” means the Charged Property and the Mortgaged Property.

- (xvii) “**receiver**” means an interim receiver, a receiver, a manager or a receiver and manager.
- (xviii) “**receiver’s certificates**” has the meaning given to it in Section 19(g).
- (xix) “**Revenues**” means all rents, revenues, income, insurance proceeds, expropriation proceeds, other proceeds in any form and other monies to which the Chargor may from time to time be entitled from all sources including all income and proceeds (whether in cash or on credit or in any other form) received or receivable by or on behalf of the Chargor.
- (xx) “**Security Interests**” has the meaning given to it in Section 4.
- (xxi) “**Third Party Leases**” has the meaning given to it in Section 4(c)(i).

Properties

PIN 32040 - 0546 LT *Interest/Estate* Fee Simple
Description FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3
 2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1
 AND 2 2R7264; COUNTY OF BRANT
Address 20 WOODSLEE AVE
 PARIS

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name EMBLEM CANNABIS CORPORATION
Address for Service 85 Basaltic Road, Concord, ON L4K 1G4

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name NEXT EDGE GENERAL PARTNER (ONTARIO) INC. *Capacity* General Partner
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, ON M5C 2V6

I am a general partner, the firm name of the Limited Partnership is NE SPC II LP.

Statements

Schedule: See Schedules

Provisions

Principal \$19,000,000.00 *Currency* CDN
Calculation Period
Balance Due Date On Demand
Interest Rate 25% per annum
Payments
Interest Adjustment Date
Payment Date On Demand
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor

Signed By

Denise Borzi 5000 Yonge Street, 10th Floor acting for Signed 2021 12 24
 Toronto
 M2N 7E9
 Chargee(s)

Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

CHAITONS LLP 5000 Yonge Street, 10th Floor 2021 12 24
 Toronto
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

Fees/Taxes/Payment

Statutory Registration Fee	\$66.30
Total Paid	\$66.30

SCHEDULE "A" – ADDITIONAL PROVISIONS

COLLATERAL MORTGAGE

This charge/mortgage of land (the "**Charge**") is collateral security for all present and future obligations and liabilities of Emblem Cannabis Corporation (the "**Chargor**"), Aleafia Health Inc. and Aleafia Farms Inc. to NE SPC II LP (the "**Chargee**") under, in connection with or with respect to the loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") among, *inter alia*, the Chargor and the Chargee.

STANDARD CHARGE TERMS

In the event of any inconsistency between the terms of this schedule to the Charge and the terms of standard charge terms number 200033, the terms of this schedule to the Charge shall prevail and the inclusion of any term in standard charge terms number 200033 that is not set out in this schedule to the Charge shall not be an inconsistency and shall be valid and enforceable in accordance with its terms.

In the event of any conflict or inconsistency between the provisions of this Charge or the terms of standard charge terms number 200033 and the provisions of the Loan Agreement then, notwithstanding anything contained in this Charge or the terms of standard charge terms number 200033, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Charge or the terms of standard charge terms number 200033 shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in in this Charge or the terms of standard charge terms number 200033, which is not contained in the Loan Agreement, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

Section 16 of Standard charge terms number 200033 is hereby deleted and replaced with the following:

16. The Chargor will insure and during the continuance of the Charge keep insured the buildings on the land in accordance with the provisions contained in the Loan Agreement.

NO SUBSEQUENT ENCUMBRANCES

The Chargor shall not without the Chargee's prior written consent, or except in accordance with the Loan Agreement, obtain secondary or subsequent financing, or charge or encumber the property secured hereby or any part thereof (the "**Property**") or interest therein or permit any lien or charge thereon.

DUE ON SALE AND SUBSEQUENT ENCUMBRANCES

If the Chargor sells, conveys, transfers or enters into any agreement of sale or transfer of the title of the Property or further encumbers of any of the Property (other than in accordance with the Loan Agreement) without the written consent of the Chargee, at any time while any amount secured by this Charge remains unpaid and outstanding, the balance of the principal then outstanding and all amounts secured by this Charge shall, at the option of the Chargee, become immediately due and payable.

DEFAULT

The Chargor covenants and agrees that an Event of Default (as defined in the Loan Agreement) shall constitute concurrent default under this Charge and upon the occurrence of an Event of Default, the Chargee shall be entitled to exercise any and all remedies available to it pursuant to this Charge, and with respect to any or all of the Property.

RECEIVER

Upon the occurrence of an Event of Default, this Charge or any security or any document submitted to the Chargee in connection therewith, the Chargee may, in its discretion, by writing appoint a receiver (which term shall include a receiver and manager) (a "**Receiver**") of the Property or any part of it and of the rents and profits from it and may from time to time remove any Receiver and appoint another in his place, and in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor unless the Chargee indicates in writing a contrary intention. The following provisions shall apply in respect of the appointment of any Receiver:

- (a) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Property or any part of it;
- (b) such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee and shall have the power to borrow on the security of the Property;
- (c) the Chargee may from time to time fix the remuneration of such Receiver and direct the payment of such remuneration from out of the proceeds of the Property;
- (d) such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or

- consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever;
- (e) such Receiver shall from time to time have the power to collect, realize, sell or otherwise deal with the Property in such manner, upon such terms and conditions and at such time or times as may seem to the Receiver to be advisable and without notice to the Chargor;
 - (f) such Receiver shall from time to time have the power to lease any portion of the Property which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient and, in so doing, such Receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent of the Chargee) and such Receiver shall have authority to execute, under seal or otherwise, any leases of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Property; and
 - (g) such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part of it in the name of the Chargor for the purpose of securing the payment of rental from the Property or any part of it, including the power to:
 - (i) take proceedings in the name of the Chargor or otherwise and to make any arrangement or compromise;
 - (ii) borrow or raise money on all or any part of the Property in priority to this Charge or otherwise for such purposes as may be approved by the Chargee;
 - (iii) give any and all notices to be given by the Chargor under any leases and exercise any and all rights of the Chargor under them;
 - (iv) do or cause to be done any and all acts and things under any lease and adjust and settle all matters relating to such performance; and
 - (v) institute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of the Property, defend all suits, proceedings and actions against the Chargor or the Receiver, appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and appeal any suit, proceeding or action.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Property in the same manner as if such documentation was duly executed by the Chargor itself.

Properties

PIN 32040 - 0546 LT
Description FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3
 2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1
 AND 2 2R7264; COUNTY OF BRANT
Address 20 WOODSLEE AVE
 PARIS

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name EMBLEM CANNABIS CORPORATION
Address for Service 85 Basaltic Road, Concord, ON L4K 1G4

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Party To(s)*Capacity**Share*

Name NEXT EDGE GENERAL PARTNER (ONTARIO) INC. General Partner
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, ON M5C 2V6

I am a general partner, the firm name of the Limited Partnership is NE SPC II LP.

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, BC420311 registered on 2021/12/24 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Denise Borzi 5000 Yonge Street, 10th Floor acting for Signed 2021 12 24
 Toronto Applicant(s)
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of all parties to the document.

Denise Borzi 5000 Yonge Street, 10th Floor acting for Signed 2021 12 24
 Toronto Party To(s)
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

CHAITONS LLP 5000 Yonge Street, 10th Floor 2021 12 24
 Toronto
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

Fees/Taxes/Payment

Statutory Registration Fee \$66.30

Total Paid \$66.30

GENERAL ASSIGNMENT OF RENTS

THIS ASSIGNMENT made this 24th day of December, 2021.

B E T W E E N:

EMBLEM CANNABIS CORPORATION

hereinafter called the "Assignor"

- and -

NE SPC II LP

hereinafter called the "Assignee"

FOR VALUE RECEIVED, the Assignor doth hereby assigns to the Assignee, all rights, privileges, advantages and benefits whatsoever, including all rental and other income, arising pursuant to leases and/or agreements to lease and/or tenancies (herein referred to as the "Leases") now or hereafter affecting the lands and premises more particularly described in the Notice of Assignment of Rents attached hereto.

This Assignment is given as additional security for the payment of the sum of TWO DOLLARS (\$2.00) and all other sums secured by a charge between the Assignor, as chargor, and the Assignee, as chargee, charging the premises of which those demised in the Leases form all or part and which charge is herein referred to as the "Charge". The registration particulars of the Charge are described in the Notice of Assignment of Rents – General attached hereto. The security of this Assignment is and shall be primary and on a parity with the real estate conveyed by the Charge and not secondary. All amounts collected hereunder, after deducting the expense of collection, shall be applied on account of the indebtedness secured by the Charge, or in such other manner as may be provided in the Charge. Nothing herein contained shall be construed as constituting the Assignee as trustee, mortgagee or chargee in possession.

The Assignor does hereby empower the Assignee, its agents or attorneys, to collect, sue for, settle, compromise and give acquittances for all of the rents that may become due under the Leases and avail itself of and pursue all remedies for the enforcement of the Leases and the Assignor's rights in and under the Leases as the Assignor might have pursued but for this Assignment.

The Assignor warrants that the Leases, if any exist, are in full force and effect, and that the copies thereof heretofore delivered to the Assignee are true and correct copies, that the Assignor has not heretofore assigned or pledged the same or any interest therein, and that, to the best of the Assignee's knowledge, no default exists on the part of the lessees thereunder (herein called "the Lessees") or the Assignor, as lessor, in the performance on the part of either, of the terms, covenants, provisions or agreements in the Leases contained; that no rent has been paid by any of the Lessees more than one month in advance (except for security deposits paid in accordance with the Leases), and that, the payment of none of the rents to accrue under the Leases has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by the Assignor directly or indirectly by assuming any Lessee's obligations with respect to other premises.

The Assignor waives any rights of set-off against the Lessees.

The Assignor covenants and agrees:

- (a) that the Leases shall remain in full force and effect irrespective of any merger of the interest of the Lessor and Lessee thereunder; and that it will not transfer or convey the fee title to said premises to any of the Lessees without requiring such Lessees, in writing, to assume and agree to pay the debt secured by the Charge in accordance with the terms covenants and conditions contained in the Charge;
- (b) that if the Leases provided for the abatement of rent during the repair of the demised premises by reason of fire or other casualty, the Assignor shall furnish rental insurance to the Assignee, the policies to be in an amount and form and written by such insurance companies as shall be satisfactory to the Assignee;
- (c) not to terminate or to accept a surrender of any of the Leases without the written consent of the Assignee, such consent not to be unreasonably withheld, and that any attempted termination or acceptance of surrender of the Leases without such written consent shall be null and void;
- (d) not to modify or amend the Leases or any of the terms thereof, or grant any concessions in connection therewith, either orally or in writing, without the written consent of the Assignee, and that any attempted modification or amendments of the Leases or grant of concession in connection therewith without such written consent shall be null and void;

- (e) not to collect any of the rent, income and profits arising or accruing under the Leases in advance of the time when the same become due under the terms thereof;
- (f) not to discount any future accruing rents;
- (g) not to execute any other assignments of the Leases or any interest therein or any of the rents thereunder;
- (h) to perform all of the Assignor's covenants and agreements as lessor under the Leases and not to suffer or permit to occur any release of liability of the Lessees, or any rights to the Lessees to withhold payment of rent; and to give prompt notices to the Assignee of any notice of default on the part of the Assignor with respect to the Leases received from the Lessees, and to furnish the Assignee with complete copies of said notices;
- (i) that all offers to lease and Leases shall be bona fide, the terms of which are to be approved by the Assignee prior to execution, and shall be at rental rates and terms consistent with comparable space in the area of the lands and premises described herein;
- (j) that the Assignor will provide to the Assignee leasing activity reports in respect of the lands and premises herein forthwith on request by the Assignee;
- (k) if so requested by the Assignee, to enforce the Leases and all remedies available to the Assignor against the Lessees, in case of default under the Leases by the Lessees;
- (l) that none of the rights or remedies of the Assignee under the Charge shall be delayed or in any way prejudiced by this Assignment;
- (m) that notwithstanding any variation of the terms of the Charge or any extension of time for payment thereunder, the Leases and benefits hereby assigned shall continue as additional security in accordance with the terms hereof;
- (n) not to alter, modify or change the terms of any guarantees of any of the Leases or cancel or terminate such guarantees without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (o) not to consent to any assignment of the Leases, or any subletting thereunder, whether or not in accordance with their terms, without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (p) not to request, consent to, agree to or accept a subordination of the Leases to any mortgage or other encumbrance now or hereafter affecting the premises;
- (q) not to exercise any right of election, whether specifically set forth in any such Leases or otherwise which would in any way diminish the tenant's liability or have the effect of shortening the stated term of the Leases; and
- (r) to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this Assignment or any notice hereof which may be required and of every renewal related thereto.

Upon any vesting of title to the property secured under the Charge in the Assignee or other party by court order, operation of law, or otherwise or upon delivery of a deed or deeds pursuant to the Assignee's exercise of remedies under the Charge, all right, title and interest of the Assignor in and to the Leases shall by virtue of this Assignment, thereupon vest in and become the absolute property of the party vested with such title or the grantee or grantees in such deed or deeds without any further act or assignment by the Assignor. The Assignor hereby irrevocably appoints Assignee and its successors and assigns, as its agent and attorney in fact, to execute all instruments of assignment or further assurances in favour of such party vested with title or the grantee or grantees. This power is coupled with an interest and is irrevocable until this Assignment is discharged and the security interests created by this Assignment are released.

In the exercise of the powers herein granted to the Assignee, no liability shall be asserted or enforced against the Assignee, all such liability being hereby expressly waived and released by the Assignor. The Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Leases, or under or by reason of this Assignment and the Assignor shall and does hereby agree to indemnify the Assignee for, and to save and hold it harmless of and from, any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Assignee incur any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defence of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, shall be secured hereby, and the Assignor shall reimburse the Assignee therefore immediately upon demand.

Although it is the intention of the parties that this Assignment shall be a present assignment, it is

expressly understood and agreed, anything herein contained to the contrary notwithstanding that the Assignee shall not exercise any of the rights or powers herein conferred upon it until an Event of Default (as defined in the loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time, the "Loan Agreement") shall occur, but upon the occurrence of any such Event of Default, the Assignee shall be entitled, upon notice to the Lessees, to all rents and other amounts then due under the Leases and thereafter accruing, and this Assignment shall constitute a direction to and full authority to the Lessees to pay all such amounts to the Assignee without proof of the default relied upon. The Lessees are hereby irrevocably authorized to rely upon and comply with any notice or demand by the Assignee for the payment to the Assignee of any rental or other sums which may be or thereafter become due under the Leases regardless whether any default under the Charge has actually occurred or is then existing.

This Assignment is intended to be additional to and not in substitution for or in derogation of any assignment of rents contained in the Charge or in any other document. In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the Loan Agreement then, notwithstanding anything contained in this Assignment, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in in this Assignment which is not contained in the Loan Agreement, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment shall include any extensions and renewals of the Leases and any reference herein to the Leases shall be construed as including any such extensions and renewals.

If the Assignor comprises more than one person, all covenants and liabilities entered into, by or imposed upon the Assignor shall be joint and several. Each Assignor, if more than one, is responsible both individually and together with the other Assignor(s) for all obligations of the Assignor to the Assignee pursuant to this Assignment.

This Assignment shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Assignment shall be binding upon and enure to the benefit of the respective successors and assigns of the parties hereto. The words "Assignor", "Assignee" and "Lessees", wherever used herein, and designated as such and their respective heirs, administrators, successors and assigns, and all words and phrases shall be taken to include the singular or plural and masculine, feminine or neuter gender, as may fit the case.

This Assignment may be signed in counterparts and transmitted by electronic transmission. Each counterpart shall be deemed to be an original and all such separate counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Assignor has executed this Assignment as of the date first written above.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

Properties

PIN 32040 - 0546 LT
Description FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3
 2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1
 AND 2 2R7264; COUNTY OF BRANT
Address 20 WOODSLEE AVE
 PARIS

Source Instruments

<i>Registration No.</i>	<i>Date</i>	<i>Type of Instrument</i>
BC413999	2021 10 04	Charge/Mortgage

Party From(s)

Name 1260356 ONTARIO LIMITED
Address for Service 100 Zenway Boulevard
 Woodbridge, Ontario, L4H 2Y7

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Party To(s)*Capacity**Share*

Name NEXT EDGE GENERAL PARTNER (ONTARIO) INC.
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, ON M5C 2V6

I am a general partner, the firm name of the Limited Partnership is NE SPC II LP.

Statements

The applicant postpones the rights under the selected instrument to the rights under an instrument registered as number BC420311 registered on 2021/12/24

Schedule: The applicant postpones the rights under the selected instrument to all present and future advances (including re-advances) secured by the charge/mortgage of land registered as instrument no.BC420311 .

This document relates to registration number(s)BC420311 and BC420312.

Signed By

Denise Borzi	5000 Yonge Street, 10th Floor Toronto M2N 7E9	acting for Party From(s)	First Signed	2021 12 24
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Tel 416-222-8888

Fax 416-218-1860

Denise Borzi	5000 Yonge Street, 10th Floor Toronto M2N 7E9	acting for Party From(s)	Last Signed	2022 02 16
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Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of the Party From(s).

Submitted By

CHAITONS LLP	5000 Yonge Street, 10th Floor Toronto M2N 7E9		2022 02 16
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Tel 416-222-8888

Fax 416-218-1860

Fees/Taxes/Payment

<i>Statutory Registration Fee</i>	\$66.30
<i>Total Paid</i>	\$66.30

Properties

PIN 32040 - 0546 LT *Interest/Estate* Fee Simple
Description FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3
2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1
AND 2 2R7264; COUNTY OF BRANT
Address 20 WOODSLEE AVENUE
PARIS

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name EMBLEM CANNABIS CORPORATION
Address for Service 85 Basaltic Road
Concord, Ontario L4K 1G4
Attention: Chief Executive Officer

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Chargee(s) *Capacity* *Share*

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Ave, 8th Floor
Toronto, ON M5J 2Y1

Provisions

Principal \$100,000,000.00 *Currency* CDN
Calculation Period
Balance Due Date See Schedule
Interest Rate See Schedule
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor

Additional Provisions

See Schedules

Signed By

Elena Yim-Bing Leung 181 Bay St., Suite 1800 acting for Signed 2022 06 27
Toronto Chargor(s)
M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

AIRD & BERLIS LLP 181 Bay St., Suite 1800 2022 06 27
Toronto
M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

Fees/Taxes/Payment

Statutory Registration Fee	\$66.30
Total Paid	\$66.30

File Number

Chargor Client File Number :	172723-DJM
Chargee Client File Number :	93103.1

SCHEDULE "A" – ADDITIONAL PROVISIONS

COLLATERAL MORTGAGE

Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to Chargee, in its capacity as trustee, and on behalf of the Debentureholders pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**") between the Borrower and the Chargee.

This charge/mortgage of land (the "**Charge**") is collateral security for all present and future obligations and liabilities of the Chargor to the Chargee under, in connection with or with respect to the A&R Debenture Indenture.

STANDARD CHARGE TERMS AND PARAMOUNTCY

In the event of any inconsistency between the terms of this schedule to the Charge and the terms of standard charge terms number 200033, the terms of this schedule to the Charge shall prevail and the inclusion of any term in standard charge terms number 200033 that is not set out in this schedule to the Charge shall not be an inconsistency and shall be valid and enforceable in accordance with its terms.

In the event of any conflict or inconsistency between the provisions of this Charge or the terms of standard charge terms number 200033 and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Charge or the terms of standard charge terms number 200033, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Charge or the terms of standard charge terms number 200033 shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Charge or the terms of standard charge terms number 200033, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

Section 16 of Standard charge terms number 200033 is hereby deleted and replaced with the following:

16. The Chargor will insure and during the continuance of the Charge keep insured the buildings on the land in accordance with the provisions contained in the A&R Debenture Indenture.

NO SUBSEQUENT ENCUMBRANCES

The Chargor shall not without the Chargee's prior written consent, or except in accordance with the A&R Debenture Indenture, obtain secondary or subsequent financing, or charge or encumber the property secured hereby or any part thereof (the "**Property**") or interest therein or permit any lien or charge thereon.

DUE ON SALE AND SUBSEQUENT ENCUMBRANCES

If the Chargor sells, conveys, transfers or enters into any agreement of sale or transfer of the title of the Property or further encumbers of any of the Property (other than in accordance with the

A&R Debenture Indenture) without the written consent of the Chargee, at any time while any amount secured by this Charge remains unpaid and outstanding, the balance of the principal then outstanding and all amounts secured by this Charge shall, at the option of the Chargee, become immediately due and payable.

DEFAULT

The Chargor covenants and agrees that an Event of Default (as defined in the A&R Debenture Indenture) shall constitute concurrent default under this Charge and upon the occurrence of an Event of Default, the Chargee shall be entitled to exercise any and all remedies available to it pursuant to this Charge, and with respect to any or all of the Property.

RECEIVER

Upon the occurrence of an Event of Default, this Charge or any security or any document submitted to the Chargee in connection therewith, the Chargee may, in its discretion, by writing appoint a receiver (which term shall include a receiver and manager) (a “**Receiver**”) of the Property or any part of it and of the rents and profits from it and may from time to time remove any Receiver and appoint another in his place, and in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor unless the Chargee indicates in writing a contrary intention. The following provisions shall apply in respect of the appointment of any Receiver:

- (a) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Property or any part of it;
- (b) such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee and shall have the power to borrow on the security of the Property;
- (c) the Chargee may from time to time fix the remuneration of such Receiver and direct the payment of such remuneration from out of the proceeds of the Property;
- (d) such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever;
- (e) such Receiver shall from time to time have the power to collect, realize, sell or otherwise deal with the Property in such manner, upon such terms and conditions and at such time or times as may seem to the Receiver to be advisable and without notice to the Chargor;
- (f) such Receiver shall from time to time have the power to lease any portion of the Property which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient and, in so doing, such Receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent of the Chargee) and such Receiver shall have authority to execute, under seal or otherwise, any leases of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Property; and

- (g) such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part of it in the name of the Chargor for the purpose of securing the payment of rental from the Property or any part of it, including the power to:
- (i) take proceedings in the name of the Chargor or otherwise and to make any arrangement or compromise;
 - (ii) borrow or raise money on all or any part of the Property in priority to this Charge or otherwise for such purposes as may be approved by the Chargee;
 - (iii) give any and all notices to be given by the Chargor under any leases and exercise any and all rights of the Chargor under them;
 - (iv) do or cause to be done any and all acts and things under any lease and adjust and settle all matters relating to such performance; and
 - (v) institute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of the Property, defend all suits, proceedings and actions against the Chargor or the Receiver, appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and appeal any suit, proceeding or action.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Property in the same manner as if such documentation was duly executed by the Chargor itself.

Properties

PIN 32040 - 0546 LT
Description FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3
 2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1
 AND 2 2R7264; COUNTY OF BRANT
Address 20 WOODSLEE AVENUE
 PARIS

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name EMBLEM CANNABIS CORPORATION
Address for Service 85 Basaltic Road
 Concord, Ontario L4K 1G4
 Attention: Chief Executive Officer

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Party To(s)*Capacity**Share*

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Ave, 8th Floor
 Toronto, ON M5J 2Y1

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, BC434024 registered on 2022/06/27 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Elena Yim-Bing Leung 181 Bay St., Suite 1800 acting for Signed 2022 06 27
 Toronto Applicant(s)
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Applicant(s).

Elena Yim-Bing Leung 181 Bay St., Suite 1800 acting for Signed 2022 06 27
 Toronto Party To(s)
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Party To(s).

Submitted By

AIRD & BERLIS LLP 181 Bay St., Suite 1800 2022 06 27
 Toronto
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

Fees/Taxes/Payment

Statutory Registration Fee \$66.30
Total Paid \$66.30

File Number

Applicant Client File Number : 172723-DJM
Party To Client File Number : 93103.1

GENERAL ASSIGNMENT OF RENTS

THIS ASSIGNMENT made this 27th day of June, 2022.

B E T W E E N:

**EMBLEM CANNABIS CORPORATION and ALEAFIA FARMS
INC.**

hereinafter collectively called the "Assignor"

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA

hereinafter called the "Assignee"

WHEREAS Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to the Assignee, in its capacity as trustee, and on behalf of the Debentureholders pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**").

FOR VALUE RECEIVED, the Assignor doth hereby assigns to the Assignee, all rights, privileges, advantages and benefits whatsoever, including all rental and other income, arising pursuant to leases and/or agreements to lease and/or tenancies (herein referred to as the "Leases") now or hereafter affecting the lands and premises more particularly described in the Notice of Assignment of Rents attached hereto.

This Assignment is given as additional security for the payment of the sum of TWO DOLLARS (\$2.00) and all other sums secured by a charge between the Assignor, as chargor, and the Assignee, as chargee, charging the premises of which those demised in the Leases form all or part and which charge is herein referred to as the "Charge". The registration particulars of the Charge are described in the Notice of Assignment of Rents – General attached hereto. The security of this Assignment is and shall be primary and on a parity with the real estate conveyed by the Charge and not secondary. All amounts collected hereunder, after deducting the expense of collection, shall be applied on account of the indebtedness secured by the Charge, or in such other manner as may be provided in the Charge. Nothing herein contained shall be construed as constituting the Assignee as trustee, mortgagee or chargee in possession.

The Assignor does hereby empower the Assignee, its agents or attorneys, to collect, sue for, settle, compromise and give acquittances for all of the rents that may become due under the Leases and avail itself of and pursue all remedies for the enforcement of the Leases and the Assignor's rights in and under the Leases as the Assignor might have pursued but for this Assignment.

The Assignor warrants that the Leases, if any exist, are in full force and effect, and that the copies thereof heretofore delivered to the Assignee are true and correct copies, that the Assignor has not heretofore assigned or pledged the same or any interest therein, and that, to the best of the Assignee's knowledge, no default exists on the part of the lessees thereunder (herein called "the Lessees") or the Assignor, as lessor, in the performance on the part of either, of the terms, covenants, provisions or agreements in the Leases contained; that no rent has been paid by any of the Lessees more than one month in advance (except for security deposits paid in accordance with the Leases), and that, the payment of none of the rents to accrue under the Leases has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by the Assignor directly or indirectly by assuming any Lessee's obligations with respect to other premises.

The Assignor waives any rights of set-off against the Lessees.
The Assignor covenants and agrees:

- (a) that the Leases shall remain in full force and effect irrespective of any merger of the interest of the Lessor and Lessee thereunder; and that it will not transfer or convey the fee title to said premises to any of the Lessees without requiring such Lessees, in writing, to assume and agree to pay the debt secured by the Charge in accordance with the terms covenants and conditions contained in the Charge;
- (b) that if the Leases provided for the abatement of rent during the repair of the demised premises by reason of fire or other casualty, the Assignor shall furnish

rental insurance to the Assignee, the policies to be in an amount and form and written by such insurance companies as shall be satisfactory to the Assignee;

- (c) not to terminate or to accept a surrender of any of the Leases without the written consent of the Assignee, such consent not to be unreasonably withheld, and that any attempted termination or acceptance of surrender of the Leases without such written consent shall be null and void;
- (d) not to modify or amend the Leases or any of the terms thereof, or grant any concessions in connection therewith, either orally or in writing, without the written consent of the Assignee, and that any attempted modification or amendments of the Leases or grant of concession in connection therewith without such written consent shall be null and void;
- (e) not to collect any of the rent, income and profits arising or accruing under the Leases in advance of the time when the same become due under the terms thereof;
- (f) not to discount any future accruing rents;
- (g) not to execute any other assignments of the Leases or any interest therein or any of the rents thereunder;
- (h) to perform all of the Assignor's covenants and agreements as lessor under the Leases and not to suffer or permit to occur any release of liability of the Lessees, or any rights to the Lessees to withhold payment of rent; and to give prompt notices to the Assignee of any notice of default on the part of the Assignor with respect to the Leases received from the Lessees, and to furnish the Assignee with complete copies of said notices;
- (i) that all offers to lease and Leases shall be bona fide, the terms of which are to be approved by the Assignee prior to execution, and shall be at rental rates and terms consistent with comparable space in the area of the lands and premises described herein;
- (j) that the Assignor will provide to the Assignee leasing activity reports in respect of the lands and premises herein forthwith on request by the Assignee;
- (k) if so requested by the Assignee, to enforce the Leases and all remedies available to the Assignor against the Lessees, in case of default under the Leases by the Lessees;
- (l) that none of the rights or remedies of the Assignee under the Charge shall be delayed or in any way prejudiced by this Assignment;
- (m) that notwithstanding any variation of the terms of the Charge or any extension of time for payment thereunder, the Leases and benefits hereby assigned shall continue as additional security in accordance with the terms hereof;
- (n) not to alter, modify or change the terms of any guarantees of any of the Leases or cancel or terminate such guarantees without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (o) not to consent to any assignment of the Leases, or any subletting thereunder, whether or not in accordance with their terms, without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (p) not to request, consent to, agree to or accept a subordination of the Leases to any mortgage or other encumbrance now or hereafter affecting the premises;
- (q) not to exercise any right of election, whether specifically set forth in any such Leases or otherwise which would in any way diminish the tenant's liability or have the effect of shortening the stated term of the Leases; and
- (r) to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this Assignment or any notice hereof which may be required and of every renewal related thereto.

Upon any vesting of title to the property secured under the Charge in the Assignee or other party by court order, operation of law, or otherwise or upon delivery of a deed or deeds pursuant to the Assignee's exercise of remedies under the Charge, all right, title and interest of the Assignor in and to the Leases shall by virtue of this Assignment, thereupon vest in and become the absolute property of the party vested with such title or the grantee or grantees in such deed or deeds without any further act or assignment by the Assignor. The Assignor hereby irrevocably appoints Assignee and its successors and assigns, as its agent and attorney in fact, to execute all instruments of assignment or further assurances in favour of such party vested with title or the grantee or grantees. This power is coupled with an interest and is irrevocable until this Assignment is discharged and the security interests created by this Assignment are released.

In the exercise of the powers herein granted to the Assignee, no liability shall be asserted or enforced against the Assignee, all such liability being hereby expressly waived and released by the Assignor. The Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Leases, or under or by reason of this Assignment and the Assignor shall and does hereby agree to indemnify the Assignee for, and to save and hold it harmless of and from, any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Assignee incur any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defence of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, shall be secured hereby, and the Assignor shall reimburse the Assignee therefore immediately upon demand.

Although it is the intention of the parties that this Assignment shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding that the Assignee shall not exercise any of the rights or powers herein conferred upon it until an Event of Default (as defined in the A&R Debenture Indenture) shall occur, but upon the occurrence of any such Event of Default, the Assignee shall be entitled, upon notice to the Lessees, to all rents and other amounts then due under the Leases and thereafter accruing, and this Assignment shall constitute a direction to and full authority to the Lessees to pay all such amounts to the Assignee without proof of the default relied upon. The Lessees are hereby irrevocably authorized to rely upon and comply with any notice or demand by the Assignee for the payment to the Assignee of any rental or other sums which may be or thereafter become due under the Leases regardless whether any default under the Charge has actually occurred or is then existing.

This Assignment is intended to be additional to and not in substitution for or in derogation of any assignment of rents contained in the Charge or in any other document. In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Assignment, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in in this Assignment which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment shall include any extensions and renewals of the Leases and any reference herein to the Leases shall be construed as including any such extensions and renewals.

If the Assignor comprises more than one person, all covenants and liabilities entered into, by or imposed upon the Assignor shall be joint and several. Each Assignor, if more than one, is responsible both individually and together with the other Assignor(s) for all obligations of the Assignor to the Assignee pursuant to this Assignment.

This Assignment shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Assignment shall be binding upon and enure to the benefit of the respective successors and assigns of the parties hereto. The words "Assignor", "Assignee" and "Lessees", wherever used herein, and designated as such and their respective heirs, administrators, successors and assigns, and all words and phrases shall be taken to include the singular or plural and masculine, feminine or neuter gender, as may fit the case.

In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Assignment, the provisions contained in the A&R Debenture Indenture shall prevail to the extent

of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Assignment, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment may be signed in counterparts and transmitted by electronic transmission. Each counterpart shall be deemed to be an original and all such separate counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Assignor has executed this Assignment as of the date first written above.

ALEAFIA FARMS INC.

DocuSigned by:
Tricia Symmes
Per: _____
01B88568EC0C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
E4E5FDC1EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Tricia Symmes
Per: _____
01B88568EC0C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
E4E5FDC1EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

Properties

PIN 32040 - 0546 LT
Description FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3
 2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1
 AND 2 2R7264; COUNTY OF BRANT
Address PARIS

Source Instruments

<i>Registration No.</i>	<i>Date</i>	<i>Type of Instrument</i>
BC420311	2021 12 24	Charge/Mortgage

Transferor(s)

This transfer of charge affects all lands that the charge is against which are outstanding.

Name NEXT EDGE GENERAL PARTNER (ONTARIO) INC.
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, Ontario M5C 2V6

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

This transaction is for a partnership purpose within the meaning of the Limited Partnerships Act.

I am a general partner.

Name NE SPC II LP.
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, Ontario M5C 2V6

This is the firm name of the Partnership/Limited Partnership.

Transferee(s)**Capacity****Share**

Name RED WHITE & BLOOM BRANDS INC.
Address for Service 789 WEST PENDER STREET, SUITE 810
 VANCOUVER BC V6C 1H2

Statements

The chargee transfers the selected charge for \$10.00

This document relates to registration number(s) BC420311 (CHARGE), BC420312 (NOTICE OF ASSIGNMENT OF RENTS - GENERAL) AND BC420318 (POSTPONEMENT OF INTEREST)

Signed By

Magdalena Drozdowski	100 King Street West, Suite 1600 Toronto M5X 1G5	acting for Transferor(s)	Signed	2023 06 12
----------------------	--	-----------------------------	--------	------------

Tel 416-862-7525

Fax 416-862-7661

I have the authority to sign and register the document on behalf of all parties to the document.

Magdalena Drozdowski	100 King Street West, Suite 1600 Toronto M5X 1G5	acting for Transferee(s)	Signed	2023 06 12
----------------------	--	-----------------------------	--------	------------

Tel 416-862-7525

Fax 416-862-7661

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

Gowling WLG (Canada) LLP	100 King Street West, Suite 1600 Toronto M5X 1G5	2023 06 12
--------------------------	--	------------

Tel 416-862-7525

Fax 416-862-7661

Fees/Taxes/Payment	
---------------------------	--

<i>Statutory Registration Fee</i>	\$69.00
<i>Total Paid</i>	\$69.00

Properties

PIN 32040 - 0546 LT
Description FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3
 2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1
 AND 2 2R7264; COUNTY OF BRANT
Address PARIS

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name NEXT EDGE GENERAL PARTNER (ONTARIO) INC.
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, Ontario M5C 2V6

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

This transaction is for a partnership purpose within the meaning of the Limited Partnerships Act.

I am a general partner.

Name NE SPC II LP.
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, Ontario M5C 2V6

This is the firm name of the Partnership/Limited Partnership.

Party To(s)*Capacity**Share*

Name RED WHITE & BLOOM BRANDS INC.
Address for Service 789 WEST PENDER STREET, SUITE 810
 VANCOUVER BC V6C 1H2

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, BC420312 registered on 2021/12/24 to which this notice relates is deleted

Schedule: The Applicant hereby assigns, transfers and sets over all of its interest in the Notice of Assignment of Rents - General registered on December 24, 2021 as Instrument No. BC420312.

This document relates to registration number(s)BC420311 (CHARGE) AND BC420312 (NOTICE OF ASSIGNMENT OF RENTS - GENERAL) AND BC420318 (POSTPONEMENT OF INTEREST)

Signed By

Magdalena Drozdowski 100 King Street West, Suite 1600 acting for Signed 2023 06 12
 Toronto Applicant(s)
 M5X 1G5

Tel 416-862-7525

Fax 416-862-7661

I have the authority to sign and register the document on behalf of all parties to the document.

Magdalena Drozdowski 100 King Street West, Suite 1600 acting for Signed 2023 06 12
 Toronto Party To(s)
 M5X 1G5

Tel 416-862-7525

Fax 416-862-7661

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

Gowling WLG (Canada) LLP 100 King Street West, Suite 1600 2023 06 12
 Toronto
 M5X 1G5

Tel 416-862-7525

Fax 416-862-7661

The applicant(s) hereby applies to the Land Registrar.

Fees/Taxes/Payment

<i>Statutory Registration Fee</i>	\$69.00
<i>Total Paid</i>	\$69.00

This is Exhibit "X" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits



AssureHomeTM

DELIVERY

Fast, direct-to-door delivery
service

A safe, secure and convenient direct-to-door delivery.

Enjoy peace of mind, knowing we will call you 15 minutes before we arrive at your door.



Interested in placing an order? If you're an existing patient of Emblem, simply sign in and place your order. If you're new to Emblem, click "Become a patient" and fill out a self referral form through our partner clinic, Canabo Medical Clinic. Once verified, you can proceed to place your order through our website.

SIGN IN AND
ORDER

BECOME A
PATIENT



15-minute
pre-delivery
confirmation



Mon. – Fri.
6pm – 10pm





Next Day
Delivery

Exceptional Features & Services

Aleafia Health's division Emblem has launched AssureHome Delivery, Canada's only direct-to-door delivery service offering safe, secure, and on-time delivery of medical cannabis. This innovative new service enhances consumer experience with a discreet, convenient delivery option – which includes notification phone calls 15 minutes in advance of your medical cannabis delivery arrival.

Key Features & Services include:

- Next day free delivery in the Major Metro Areas (see [Available Locations](#))
- Deliveries made Monday through Friday, between 6:00 PM and 10:00 PM
- Safe, secure deliveries made by professional drivers
- Discreet deliveries use unmarked vehicles, non-uniformed delivery staff
- Patients receive a phone-call notification from the driver 15 minutes prior delivery
- **Contactless deliveries protocols used during COVID-19**

Coming Soon: Upgrade to Premium AssureHome Delivery Services including:

- **Same-Day-Delivery between 6:00 PM – 10:00 PM for orders placed by 2:00 PM**
- **Weekend Delivery**



Available Locations

AssureHome Delivery offers services in Major Metro Areas where the population density creates sufficient and consistent demand. The currently serviced area focuses on the Major Metro Area of Toronto, starting in the city of Toronto with roll-out expanding across the region.

Expansion plans for other Major Metro Areas begin with Calgary, Edmonton & Vancouver.

Service Available

- Toronto *
- Scarborough / Mississauga
- North GTA
- Durham / Oakville / Burlington
- Hamilton / Milton



* excluding Toronto island



Frequently Asked Questions

Check out our **Frequently Asked Questions** below or feel free to email our Client Care Team at Support@AssureHomeDelivery.com or call us at 1-833-277-8730 (1-833-ASSURE-0).

Customer Feedback

“I just want to take a moment to say how very impressed I am with your new delivery service AssureHome Delivery – AMAZING! I placed this order just before 9am this morning, and it was at my door by 6pm!! Now that is service. Thanks for changing your delivery service to a very reliable company. I am very happy with order ##### arriving in such a timely manner.” — Sonia

General Service Information

Do you offer free next-day delivery?

AssureHome Delivery service is currently offered in the Major Metro Area of Toronto with Next Day Service offered free of charge for eligible patients. We plan on expanding the service to other regions in the near future. If you don't live in the current coverage area, upon check out, you will be prompted to choose another delivery option.

Coming Soon:

- Phased roll-out across Major Metro Area of Toronto. See [Available Locations](#)
- **Upgrade to Premium AssureHome Delivery Services including**
 - Same-Day-Delivery between 6:00 PM – 10:00 PM for orders placed by 2:00 PM
 - Weekend Delivery
- NOTE: Premium services will only be available in select locations
- Expansion plans for other Major Metro Areas begin with Calgary, Edmonton & Vancouver and will continue into other areas as appropriate



If you live in the current coverage area, the AssureHome Delivery option will *automatically* appear during the online check out process, or you will be prompted by a Client Care representative if you're ordering by phone. Once the order is submitted, you will receive an Order Confirmation email. When the order ships, you will receive a tracking email. You must order by 9:00 PM on a given day to qualify for next-day shipping.

Next-day deliveries are scheduled between 6:00 PM and 10:00 PM. You will receive a phone-call confirmation **15 minutes before** the driver is scheduled to arrive. Age of majority signature will be required, but can be provided by any individual at the address during the time of delivery.

What are your regular delivery hours?

AssureHome Delivery offers next-day delivery in the Major Metro Area of Toronto. We deliver from 6:00 PM – 10:00 PM, Monday through Friday. Any online or phone processed orders received after 9:00 PM will be delivered the next business day. Any orders received on Friday will be delivered on Monday the following week.

Coming Soon: Upgrade to Premium AssureHome Delivery Services including:

- Same-Day-Delivery between 6:00 PM – 10:00 PM for orders placed by 2:00 PM
- Weekend Delivery
- NOTE: Premium services will only be available in select locations

What happens if I place an order for AssureHome Delivery after the 9:00 PM cutoff?

Orders placed after the 9:00 PM cutoff will be processed the following business day. As such, those parcels will be delivered between 6:00 PM – 10:00 PM on the 2nd business day following the order.

Coming Soon: Upgrade to Premium AssureHome Delivery Services including:

- Same-Day-Delivery between 6:00 PM – 10:00 PM for orders placed by 2:00 PM
- Weekend Delivery
- NOTE: Premium services will only be available in select locations

What are your holiday hours?



made by 9:00 PM on a regular business day are delivered between 6:00 PM – 10:00 PM the next business day.

What areas qualify for next-day delivery?

Next-day delivery is available to patients in serviced regions within the Major Metro Area of Toronto who do not have PO Box addresses. Please refer to our delivery zone map and confirm by entering your Postal Code into our Check Availability tool. If AssureHome Delivery is available, the option will appear upon checkout.

Coming Soon:

- Regional service area expansion across the Major Metro Area of Toronto
- Expansion to other Major Metro Areas including Calgary, Edmonton & Vancouver

Will you deliver to a different location than the address on my Patient Record?

AssureHome Delivery service is ONLY available for direct-to-door delivery, to the official address on your Emblem Patient Record provided it is NOT a PO Box, (you will be prompted to select an alternate shipping method if that is the case).

How do I know that delivery to my door is safe and confidential?

All of our drivers have completed a rigorous screening process, and have passed an RCMP background check. Deliveries are hand-delivered to our patients by professional drivers.

Can I track my delivery?

Yes. You will receive an email notification including tracking information once your package is shipped.

Receiving Delivery

Will there be any identifying logos on the delivery vehicle?

No. All our drivers use discreet, unmarked vehicles.

How will I know it's an official delivery?



Do I need to show the driver my ID?

As a general rule, you don't need to. Drivers may request ID if they believe the recipient has not reached age of majority.

How does the delivery process work during the COVID-19 pandemic?

As a temporary measure during the COVID-19 pandemic we established the following protocol:

- Drivers are wearing protective clothing
- Drivers call ahead 15 minutes prior delivery, as per the standard process
- Drivers will put the package on your doorstep, ring the bell and will step away 2 meters
- Drivers will ask for the receiving person's birth date to confirm that they're of the age of majority
- Drivers will put the receiving person's first initial and last name, and write 'COVID' on the signature pad on behalf of the receiving person
- Driver will mark delivery as 'complete'

Does my order come discreetly packaged?

Our deliveries are processed in bulk on a daily basis, so typically arrive in the same discreet, carefully prepared packaging that supports your parcels most expedient journey to you.

Troubleshooting

My order hasn't arrived at the expected time.

It is important that you contact us as soon as possible if there is a problem with your delivery.

Please email our Client Care Team at Support@AssureHomeDelivery.com or call us at 1-833-277-8730 (1-833-ASSURE-0) if the delivery has not arrived within the expected time window.

My order is incorrect or some items are missing/damaged.



Support@AssureHomeDelivery.com or call us at 1-833-277-8730 (1-833-ASSURE-0) between 7 am to 10 PM EST Monday to Friday.

I can't be there to receive my order, but someone else will be. Can they receive my delivery for me?

Yes. Anyone at the delivery address who is over the age of majority can sign for or accept your package.

I can't be there to receive my delivery. What will happen?

If nobody is available to receive your delivery, our driver will leave a notice at the door, and will attempt to deliver again – either later the same day, or the following day. There will be up to three delivery attempts made, after which time the package will be returned to the shipper.

CURATED CONTENT DELIVERED STRAIGHT TO YOUR INBOX:

Get updates on the latest company news, product releases and tips to help you transform your life and attain extraordinary health.

Email

SUBMIT

By signing up, I accept the Terms & Conditions and Privacy Policy, and I understand I can unsubscribe at any time.

HOME

LOGIN

REGISTER

WHY US

EMBLEM SHOP

CONTACT

1-844-546-3633



[REGISTRATION FORM \(EN\)](#)

[REGISTRATION FORM \(FR\)](#)

[ASSUREHOME DELIVERY](#)

EMBLEM CANNABIS

PO BOX 262 STN MAIN

PARIS, ON N3L 3G2

FAX 1-844-442-2467

HOURS: MON-WED 8AM-6PM EST, THUR-FRI 9AM-5PM EST

Copyright © 2019 Emblem CANNABIS. ALL RIGHTS RESERVED. [Privacy Policy](#) | [Terms & Conditions](#)



This is Exhibit “Y” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

Cannabis Licenses:

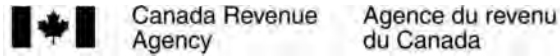
Facility	Facility Address	License Type/No.	Licensed Entity	Date Granted	Expiry Date	Notes
Niagara/Grimsby	378 South Service Road, Grimsby ON	Standard Cultivation / LIC-VTQAQTTMOL	Aleafia Farms Inc.	March 13, 2020	June 13, 2024	
Port Perry/Scugog	2540 Regional Road 19, Scugog ON	Standard Cultivation / LIC-GYAJNCME6L	Aleafia Farms Inc.	October 13, 2017	October 9, 2023	<p>The Port Perry Licence has been amended as follows:</p> <ul style="list-style-type: none"> (i) August 31, 2018 to authorize the sale of cannabis to Licensed Producers; (ii) June 7, 2019 to authorize outdoor cultivation in outdoor grow zone 1; (iii) July 12, 2019 to authorize outdoor cultivation in outdoor grow zones 2, 3 and 4; (iv) October 10, 2019 to authorize drying in additional facility areas; (v) February 28, 2020 to authorize storage in additional facility areas. (vi) May 12, 2020 to authorize outdoor cultivation in outdoor grow zone 5; (vii) October 9, 2020 to authorize drying and storage in additional facility areas; and (viii) On December 9, 2020, Health Canada issued a Licence renewal, which expires on October 9, 2023.

Facility	Facility Address	License Type/No.	Licensed Entity	Date Granted	Expiry Date	Notes
Paris	20 Woodslee Avenue, Paris ON	Standard Cultivation, Standard Processing and Sales for Medical Purposes / LIC-0CNIN0V9QK	Emblem Cannabis Corporation	August 26, 2015	January 20, 2028	
		Research / LIC-28X6T94W2Y-2021-1	Emblem Cannabis Corporation	April 29, 2021	April 7, 2026	
Distribution Centre	85 Basaltic Road, Unit A, Vaughan, Ontario	Standard Processing and Sales for Medical Purposes / LIC-CTHF6SVA0C	Emblem Cannabis Corporation	February 12, 2021	February 12, 2024	

This is Exhibit “Z” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits



Emblem Cannabis Corporation
85 Basaltic Road, Unit A
Concord ON L4K 1G4

Case Number: 85043941
Business Number: 85070 8975

Attention: Joanne Zhu

October 14, 2022

Dear Joanne Zhu:

RE: Renewal of Cannabis Licence under the Excise Act, 2001

We have reviewed your cannabis licence renewal application, and are pleased to inform you that your cannabis licence under the *Excise Act, 2001* has been renewed effective **October 17, 2022**.

The following licence number should be recorded on all correspondence with the CRA:

85070 8975 RD0002
20 Woodslee Avenue
Paris ON N3L 3N6

85070 8975 RD0005
85 Basaltic Road, Unit A
Concord ON L4K 1G4

Acknowledgement of Security

A person renewing a cannabis licence under the Act is required to maintain security in a form satisfactory to the Canada Revenue Agency and in an amount determined by the *Regulations Respecting Excise Licences and Registrations*. Please ensure your posted security remains valid, and is sufficient to ensure payment of the amount referred to in paragraph 160(b) of the Act (highest duty payable on your B300 excise duty return for any month). If you have questions in regards to the security requirement, please contact our office.

Renewal of Cannabis Licence

Information related to renewing a cannabis licence is provided in Excise Duty Notice EDN52, Obtaining and Renewing a Cannabis Licence. Subject to meeting the requirements for maintaining a cannabis licence, the licence will remain in effect for the period specified in the licence.

The expiry date for your cannabis licence will be **October 16, 2023**. In order to renew the cannabis licence, a completed Form L300, Cannabis Licence Application must be submitted to your regional office not later than 30 days before the expiry date.

Excise Duties and Taxes
Legislative Policy and Regulatory Affairs
55 Bay St. N.
Hamilton, ON L8R 3P7
Telephone 1-866-330-3304
Fax: 1-905-572-4608

The word "Canada" in a stylized font with a small flag above the 'a'.

Maintaining and Renewing a Licence Issued under the Act

A holder of a licence issued under the Act who wishes to maintain or renew their excise licence must continue to meet certain conditions imposed under the Act. Pursuant to paragraph 2(2)(e) of the Regulations Respecting Excise Licences and Registrations (Regulations) a licensee must maintain sufficient financial resources to conduct their business in a responsible manner.

In order to demonstrate that you have sufficient financial resources to conduct business in a responsible manner in accordance with section 2 of the Regulations, we require that you agree to a payment arrangement with the CRA to repay the arrears balances listed below. If you fail to fulfill your obligations under that payment arrangement, the CRA may consider that you have insufficient financial resources to conduct your business in a responsible manner.

As of today's date, you have arrears balances for the following accounts maintained with the CRA:

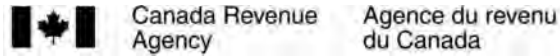
- a. RD0002 - **\$820,154.80** (in respect of obligations under the *Excise Act, 2001*) call Mathieu Durocher in Collections at 1-833-940-3580.
- b. RT0001 - **\$1,079,064.96** (in respect of obligations under the *Excise Tax Act*) call at 1-800-675-6183.
- c. RP0001 - **\$1,225.16** (in respect of obligations under the *Income Tax Act, Employment Insurance Act, Canada Pension Plan and/or Quebec Pension Plan*) call collections at 1-800-675-6183.
- d. RC0001 - **\$3,014.56** (in respect of obligations under the *Income Tax Act*) call collections at 1-800-675-6183.

Please contact the appropriate Collections area to make payment arrangements. Failure to meet the eligibility criteria for a licence is grounds for the CRA to suspend or cancel an excise licence pursuant to the Regulations. If your licence is suspended or cancelled, you will no longer be authorized to conduct any activities, including production or possession of the goods, for which the licence was issued.

Obligations of a Cannabis Licensee

Changes to Information

The CRA must be informed of any changes to the name, legal entity, business or mailing address, location of books and records or changes to any other information provided in the licence application form. The CRA must also be informed if your business/operations have been discontinued or sold.



Books and Records

All cannabis licensees are required to maintain adequate books and records and provide access to those books and records to excise officers. Denied access to books and records could result in a suspension or the cancellation of a cannabis licence.

Filing of Returns

A form B300, Cannabis Duty and Information Return for each filing division under your cannabis licence must be filed for each calendar month whether or not any duty is payable. Your returns are due at the end of the month following the calendar month for the production being reported. It should be noted that a licensee who fails to file a return for a reporting period as and when required will be subject to penalty. Similarly, if payment is not made as and when required, a licensee will be subject to interest on the late payment.

Electronic filing of the monthly B300 Cannabis Duty and Information Return, the B301 Application for a Refund of Cannabis Duty, as well as other account information, such as account transactions and balances, licence status and account maintenance activities, is available at canada.ca/my-cra-business-account. Electronic filing of returns provides immediate confirmation that your return has been received by the CRA. Enrollment can be completed online, and further information is available at canada.ca/my-cra-business-account or by phone at 1-800-959-5525.

Monthly excise cannabis returns may also be printed from our website at canada.ca/cannabis-excise so that they may be completed and submitted by mail. Please note that should a return and any payment due not be filed or received within the time limits, penalty and interest charges may be applied in accordance with the Act.

Methods of Destruction and Analysis

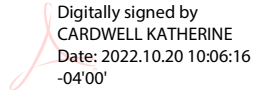
As a reminder, methods for destruction and analysis of cannabis products must be approved by the Minister. Any changes to the previously approved methods must be submitted in writing to the Regional Manager for Excise Duty for approval, prior to implementation of the revised procedures.

Mandatory notification and witness of destruction is not required for regular, routine destruction. However, unusual destruction or the destruction of packaged goods returned from a purchaser are required to be reported and may require witnessing of the destruction by an officer.

Should you have any questions or require clarification regarding the above information, please do not hesitate to contact Amy Gunter at (289) 237-4439. For general information regarding the excise duty on cannabis products please go to canada.ca/cannabis-excise. To request a ruling or interpretation or make a technical enquiry on cannabis excise duty, please call 1-866-330-3304 or email cannabis@cra-arc.gc.ca.

Sincerely,

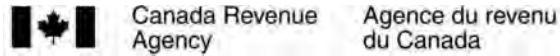
CARDWELL
KATHERINE



Digitally signed by
CARDWELL KATHERINE
Date: 2022.10.20 10:06:16
-04'00'

Katherine Cardwell, CPA, CGA
Ontario Regional Manager
Excise Duties and Taxes
Legislative Policy and Regulatory Affairs

Encl: Supplementary Licensing Letter



Emblem Cannabis Corporation
85 Basaltic Road, Unit A
Concord ON L4K 1G4

Case Number: 85043941
Business Number: 85070 8975

Attention: Joanne Zhu

October 14, 2022

Dear Joanne Zhu:

Re: Validity of Cannabis Licence under Excise Act, 2001

We are pleased to inform you that your cannabis licence under the Act has been renewed effective **October 17, 2022** and will expire on **October 16, 2023**.

Your account information is as follows

85070 8975 RD0002
20 Woodslee Avenue
Paris ON N3L 3N6

85070 8975 RD0005
85 Basaltic Road, Unit A
Concord ON L4K 1G4

Should you have any questions regarding the status of this licence, please contact our enquires line at 1-866-330-3304.

Sincerely,

CARDWELL Digitally signed by
CARDWELL KATHERINE
KATHERINE Date: 2022.10.20
10:15:48 -04'00'

Katherine Cardwell, CPA, CGA
Ontario Regional Manager
Excise Duties and Taxes
Legislative Policy and Regulatory Affairs

Excise Duties and Taxes
Legislative Policy and Regulatory Affairs
55 Bay St. N.
Hamilton, ON L8R 3P7
Telephone 1-866-330-3304
Fax: 1-905-572-4608

The word "Canada" in a stylized font with a small flag above the 'a'.

This is Exhibit “AA” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Kim".

Commissioner for Taking Affidavits



(/)

Doing Business with Us (/)

Become a Cannabis Supplier

Becoming a Supplier with Manitoba Liquor & Lotteries

All licensed cannabis retailers in Manitoba buy their product exclusively through Manitoba Liquor & Lotteries (MBLL) from Health Canada licensed suppliers.

All Supplier are required to adhere to the supplier application criteria detailed in the drop down below.

To be considered as a supplier of non-medical cannabis to the province of Manitoba, MBLL will required additional information about your company, please complete the application at the following link:



Cannabis Supplier Application Form
(<https://forms.office.com/r/JHV06rBxbV>)

General Information and Licensing

Application Criteria

Applying

Complete the supplier application at the link above. MBLL will contact your company for further information.

Once approved for listing, The supplier must:

Create an account on MBLLPartners.ca.

Download, complete and submit the following forms:

Supplier Information Form (SIF)

- Void cheque/direct deposit financial information
- PDF copy of Health Canada license
- Logo(s) for listing on MBLLPartners.ca

• Product Information Form (PIF)

- Utilize the Cannabis - MBLL Wholesale to Retailer Pricing Calculator to understand mark-up structure

Useful Links

Contact Us (<http://www.mbl.ca/content/contact-us>)

L (<http://www.mbl.ca/content/contact-us>) and Acknowledgement (<https://www.mbl.ca/content/manitoba-liquor-lotteries-land-acknowledgement>)

Privacy (<http://www.mbl.ca/content/privacy-notice>)

Accessibility (<http://www.mbl.ca/content/accessibility>)

General Terms and Conditions (<http://www.mbl.ca/content/terms-and-conditions>)

Social Responsibility Training (</social-responsibility/social-responsibility-training>)

Liquor, Gaming & Cannabis Authority of Manitoba (<http://lgamanitoba.ca/>)

The Manitoba Liquor and Lotteries Corporation Act (<http://web2.gov.mb.ca/laws/statutes/ccsm/l155e.php>)

The Liquor, Gaming and Cannabis Control Act (<http://web2.gov.mb.ca/laws/statutes/ccsm/l153e.php>)

Our Websites

Manitoba Liquor & Lotteries (<http://www.mbl.ca/>)

Liquor Mart (<http://www.liquormarts.ca/>)

Casinos of Winnipeg (<https://www.casinosofwinnipeg.com/>)

PlayNow (<http://www.playnow.com/>)

Manitoba VLTs (<http://www.manitobavlts.ca/>)

Manitoba Brew Hub (<https://www.manitobabrewhub.ca/>)

Lottery Tickets (<https://www.playnow.com/mb/lottery/>)

Manitoba Liquor & Lotteries Head Office

A – 1555 Buffalo Place

Winnipeg, MB R3T 1L9

Phone: 204-957-2500

Toll-free: 1-800-265-3912

MANITOBA LIQUOR AND LOTTERIES CORPORATION
CORPORATE PURCHASE ORDER - TERMS & CONDITIONS

1. Incorporation of Terms and Conditions in Purchase Order

The terms and conditions in this document are incorporated into every requisition for goods or services, or both, that Manitoba Liquor and Lotteries Corporation (MBLL) issues by purchase order. The promises, warranties and representations in this document are deemed to have been given by every recipient of a purchase order from MBLL that has been accepted by MBLL.

2. Acceptance of Purchase Order

The purchase order is MBLL offer to purchase from the Supplier the goods or services or both described in the purchase order. Commencing the provision of the services, shipment of any of the goods, or delivery of any of the goods, whichever occurs first, constitutes acceptance by the Supplier of MBLL offer to purchase, and the terms and conditions outlined herein.

3. Entire Contract

The purchase order, together with these terms and conditions, forms the entire agreement between MBLL and the Supplier (the "Contract").

4. Modifying the Terms and Conditions

No modifications (whether they are deletions, additions or variations and whether they are proposed by MBLL or the Supplier) to the terms and conditions of the Contract are effective or binding on MBLL unless they are specifically agreed to in writing by MBLL. No additional or different terms or conditions in any printed form of the Supplier become part of the Contract unless MBLL has specifically agreed to them in writing.

5. No Substitutions

The Supplier must not substitute a different brand or model if a particular brand or model has been specified in the purchase order, unless the different brand or model has been specifically agreed to in writing by MBLL.

6. Shipping Instructions

The Supplier must comply with best commercial practices to ensure that the goods arrive safely at the destination, and all goods must be shipped freight prepaid, F.O.B. destination, unless otherwise stated. Where MBLL has so authorized in writing, goods may be shipped F.O.B. shipping point, but the Supplier must prepay all shipping charges, route the goods by the most economical common carrier or by the carrier specified by MBLL (if one is specified), and list the shipping charges as a separate item on the Supplier's invoice. All invoices that include shipping charges must be accompanied by a written receipt from the carrier, indicating that such shipping charges have been paid. MBLL reserves the right to reject C.O.D. shipments. The Supplier must not bill MBLL for the cost of insuring the goods during shipment unless MBLL has agreed in writing to pay for the goods to be insured or where the goods are shipped via parcel post.

7. Representations

MBLL is prohibited by law from purchasing or receiving gaming supplies or gaming services from suppliers that should be licensed with Liquor and Gaming Authority (LGA) unless they are licensed as suppliers under The Liquor and Gaming Control Act. Accordingly, if the goods or services being requisitioned in the purchase order are gaming supplies or gaming services subject to LGA licensing, the Supplier makes the following representation and promise to MBLL:

As of the date of acceptance of the purchase order the Supplier will be licensed as a supplier under The Liquor and Gaming Control Act (www.lgamanitoba.ca), and the Supplier promises that it will continue to be registered as long as any part of the purchase order remains unfulfilled, unperformed or undelivered.

8. Handling and Related Charges

The Supplier must pay all charges for handling, packaging, wrapping, bags, containers, crating, storage, commissions and related matters unless otherwise indicated by MBLL in the purchase order.

9. Delivery

Time is of essence and the contract may be terminated by MBLL if the goods are not delivered or if the services are not fully performed by the date or dates specified in the purchase order. In such instance, MBLL may purchase the items or services elsewhere and charge the Supplier with any loss incurred by MBLL. No change in the scheduled delivery or performance dates will be permitted without MBLL written consent. No acceptance of goods or services after the scheduled delivery or performance date affects MBLL right to terminate for such late delivery or performance nor does it constitute a waiver of any term or condition that requires the Supplier to deliver or perform at a future date.

10. Risk of Loss

Regardless of F.O.B. point, the Supplier agrees to bear all risks of loss, injury or destruction of goods ordered which occur prior to receipt of the goods by MBLL. No such loss, injury or destruction releases the Supplier from any of its obligations under the Contract.

11. Payment

Payment for goods or services will only be made once payment has been authorized in accordance with section 16 (of the PO Terms and Conditions). It is MBLL's preference that all payments in Canadian funds (CAD) to Canadian Financial Institutions shall be issued via Electronic Funds Transfer (EFT). The Supplier shall provide MBLL with its bank information. For payments in currencies other than CAD, or to bank accounts outside of Canadian Financial Institutions, MBLL will remit payment by mail, unless otherwise mutually agreed upon. Standard terms of "net 30 days" apply unless otherwise noted by MBLL.

12. Prices

MBLL will pay the prices stated in the purchase order for the goods or services. The prices indicated must be in Canadian funds unless otherwise specified in the purchase order or agreed to in writing by MBLL. If a price is not stated in the purchase order, MBLL will pay the lowest of the following prices:

- (a) the price last quoted to MBLL by the Supplier;
- (b) the price last paid by another customer of the Supplier; or
- (c) the prevailing market price for such goods or services.

13. Changes

MBLL may make changes to the goods or services requisitioned in a purchase order, including (without limitation) changes to drawings and specifications for specially manufactured goods and place of delivery, and will notify the Supplier of such changes in writing. If the changes affect the cost of the goods or services, or the time required for the goods or services to be delivered or performed, the Supplier must request an adjustment in writing before the Supplier ships or delivers the goods or begins to provide the services. If no adjustment has been requested by the Supplier within 30 days after having received MBLL notice, MBLL will deem the Supplier to have agreed to make the changes without any adjustment to the price or delivery dates or work schedule. The Supplier is not permitted to make any changes unless they have been requested by MBLL or unless MBLL has first approved the changes in writing.

14. Owner's Manual

If applicable, the Supplier must supply an owner's manual or other instructions to MBLL for the installation, operation, maintenance and repair of the goods.

15. Warranties

The Supplier expressly warrants that all goods and services purchased under the Contract conform with the purchase order and all applicable specifications and Canadian standards, are free from defects in material, workmanship and design, and are of a quality satisfactory to MBLL

taking into account how they are described in the purchase order. If the Supplier knows, either expressly or by implication, the particular purpose for which MBLL intends to use the goods or services, the Supplier warrants that such goods or services are fit for such purpose. The Supplier further warrants that the goods are wholly new in that they contain only new components and parts throughout, that the Supplier has good and warrantable title to the goods and that goods will, upon delivery to MBLL, be free and clear of all liens, claims and encumbrances of every kind.

The Supplier warrants that MBLL purchase, installation and use of goods or services provided by the Supplier under the contract will not result in any claim of infringement, or actual infringement, of any patent, trademark, copyright, franchise, moral or other intellectual property right.

The Supplier warrants that the goods and services supplied under the contract have been produced and supplied in compliance with all applicable federal, provincial (or state) and local or municipal laws, orders, rules and regulations.

If the goods have a manufacturer's warranty, MBLL will be entitled to the benefit of the warranty. The Supplier will provide MBLL with a copy of such warranty when it delivers the goods. The Supplier agrees to extend all warranties that it receives from its vendors to MBLL and to MBLL customers.

Breach of the warranties in this section entitles MBLL to all remedies available to MBLL at law or in equity.

MBLL approval of the Supplier's design, materials or goods does not relieve the Supplier of the warranties set out herein. Without limiting any rights that MBLL may have at law because of any breach of warranty, goods that are not as warranted (whether or not apparent on initial inspection) may at any time within the warranty period specified in the purchase order or any applicable manufacturer's warranty, whichever period is longer, be returned at the Supplier's expense. MBLL, at its option, may require the Supplier either to replace such goods without changes, in which case the Supplier must pay all repacking, transportation and handling charges both ways, or to refund the purchase price and any charges incurred by MBLL in connection with the purchase. In addition, MBLL may claim payment of damages for any loss that it may suffer as a result of the goods not being warranted. The Supplier agrees to promptly pay all such amounts to MBLL.

16. Inspection and Testing, and Authorizing Payment for Goods or Services

Facilities and Equipment

MBLL may need to inspect the Supplier's facilities or equipment, or both. The Supplier consents to such an inspection and agrees to give MBLL and its representatives reasonable access to its facilities and equipment for this purpose.

Goods

MBLL will count and inspect goods delivered under a contract. MBLL may wish to test goods requisitioned in a purchase order. If the count, inspection or tests show that the goods do not comply with MBLL specifications or other requirements, the goods will be rejected and returned (if they have been delivered) to the Supplier.

Payment for goods will not be authorized until MBLL has counted, inspected and tested (if applicable) the goods and has found them acceptable. Only written authorization for payment is binding on MBLL and may be relied upon by the Supplier.

Services

MBLL will inspect or review services delivered or performed under a contract. If the inspection or review shows that the services do not comply with MBLL specifications or other requirements, the services will be rejected.

Payment for services will not be authorized until MBLL has inspected or reviewed the services and has found them acceptable. Only written authorization for payment is binding on MBLL and may be relied upon by the Supplier.

Costs Related to Rejected Goods or Services

All costs of MBLL to unpack, inspect, test, repack, store and reship rejected goods are the responsibility of the Supplier. All costs of MBLL to inspect or review rejected services are the responsibility of the Supplier. The Supplier agrees to promptly pay all such costs.

17. Default and Termination

In addition to MBLL other rights under the Contract and without restricting any other remedies available, MBLL may, by written notice to the Supplier, immediately cancel in whole or any part of the Contract in any one or more of the following circumstances, which is deemed to be termination for cause:

- (a) subject to section 17, if the goods are not delivered or if the services are not fully performed by the date or dates specified in the purchase order, or such later date as MBLL may have, in writing, agreed upon;
- (b) if, in MBLL opinion, any of the goods are defective;
- (c) if, in MBLL opinion, any of the goods do not conform to the purchase order;
- (d) if, in MBLL opinion, the Supplier fails to perform any of the other provisions of the Contract;
- (e) if, in MBLL opinion, any services provided by the Supplier are unsatisfactory, inadequate or improperly performed;
- (f) if MBLL becomes aware of information which would reasonably lead MBLL to believe that the goods will not be delivered or the services will not be performed by the date or dates specified in the purchase order, or such later date as MBLL may have, in writing, agreed upon;
- (g) if the Supplier is in breach of any of the terms and conditions of the Contract;
- (h) if the Supplier becomes, or is about to become, bankrupt or insolvent, goes into receivership or takes the benefit of any law pertaining to bankrupt or insolvent debtors (it being understood that the appointment of a receiver, receiver/manager or trustee of property and assets of the Supplier is conclusive evidence of insolvency); or where the Supplier is a corporation, a certificate or order is made or granted, or a resolution is passed, for the dissolution or winding up of the Supplier, voluntarily or otherwise, or the Supplier is otherwise likely to lose its corporate status.
- (i) If the annual budget or funding is not available to continue with the services.

18. Force Majeure and Lock out

Neither party shall be liable for default or delay due to causes beyond its reasonable control and without fault or negligence on the part of such party, including, but not limited to fire, flood, earthquake, snow storm or other natural disaster, as well as, failure of electricity or telephone service, labour lockout or strikes. The Supplier must give MBLL prompt notice in writing when any such cause appears likely to delay delivery of goods or the performance of services and must take appropriate action to avoid or minimize such delay. If any such default or delay threatens to impair the Supplier's ability to meet delivery requirements for its goods or services, MBLL is entitled to cancel the portion or portions of the purchase order so affected, without any liability to the Supplier. MBLL is not liable for the default or delay in performing its obligations due to causes beyond its reasonable control, or as a result of any suspension of the Supplier's obligations.

19. Indemnifications and Liability of Supplier

The Supplier indemnifies and holds MBLL, its officers, employees and agents, harmless from and against all claims, losses, expenses, damages, causes of actions and liabilities of every kind of nature, including (without limitation) legal fees on a solicitor and own client basis, arising from or out of:

- (a) any breach of any of the Supplier's obligations or warranties;
- (b) any misrepresentation by the Supplier;
- (c) any other act or omission of the Supplier, its officers, employees, agents or

- subcontractors or by those for whom it is responsible at law, howsoever caused including claims or actions which may be made or instituted by persons who make purchases from MBLL or use products supplied by the Supplier;
- (d) the presence or activity of the Supplier's officers, employees, agents, contractors and subcontractors on MBLL premises where the contract includes services or work to be done on MBLL premises;
 - (e) any builder's lien or claim in any way relating to work or services performed under the contract; or
 - (f) a determination that the contract creates the relationship of employer and employee between MBLL and the Supplier, to the extent that such an indemnity is not prohibited by law.

The Supplier is solely responsible for any personal injury, or loss of life, of its officers, employees, agents, contractors or subcontractors experienced by such persons in the course of performing the services or in any other way related to the requirements of the contract except to the extent it was caused by the wrongful or negligent act of an employee of MBLL while acting within the scope of his or her employment. The Supplier is solely responsible for its officers, employees, agents, contractors and subcontractors while they are on MBLL premises. The Supplier is solely responsible for any damage to, or loss of, its own property or property owned by MBLL or others caused in the course of the services being performed or in any other way related to the requirements of the Contract except to the extent it was caused by the wrongful or negligent act of an employee of MBLL while acting within the scope of his or her employment.

20. Assignment

No part of the Contract, not any interest in the Contract or any claim arising from the Contract, may be transferred, assigned or subcontracted by the Supplier without the prior written consent of MBLL, which consent may be withheld for any or no reason or consent given with or without conditions.

No assignments or transfer of the contract relieves the Supplier of any obligations under the Contract, except to the extent they are properly performed by the Supplier's permitted assigns. Where MBLL approves a third party to perform any part of the services contemplated by the Contract, the Supplier alone will be fully responsible for ensuring that all of the MBLL requirements are carried out by the third party in accordance with this Agreement.

MBLL may transfer or assign the benefits of the contract in whole or in part, including the Supplier's warranties, without notice to the Supplier.

The Contract is binding upon and ensures to the benefit of the successors and assignees of MBLL upon the successors and permitted assignees of the Supplier.

21. Additional Terms for Services

Where the Contract requires services to be performed, including goods to be installed (sometimes also referred to as "work"), the following additional terms apply:

- (a) The Supplier must take precautions to protect all property and persons from damage or injury arising out of the Supplier's services. The Supplier must comply with all applicable laws and regulations prescribed by any relevant governmental authority, including (without limitation) all fire, health and safety, employment, labour, workers' compensation and other applicable laws and regulations, and must obtain all necessary permits at its own cost unless the purchase order specifies that MBLL will obtain them.
- (b) All services must be performed in accordance with current, sound and generally accepted industry practices by qualified personnel, trained and experienced in the appropriate fields.
- (c) All tools, equipment, dies, gauges, models, drawings or other materials paid for or furnished by MBLL for the purpose of performing the services are and remain exclusively the property of MBLL. The Supplier must safeguard all such property while it is in the Supplier's custody or control and will be liable for any loss or damage to such

property. MBLL may require the Supplier to insure the property. The Supplier must use the property only for the purposes of performing the services, and return it to MBLL promptly upon request. Any such property described above may be removed by MBLL from the Supplier's premises. The Supplier agrees to waive and does hereby waive any lien it may have in regard to such property.

- (d) The Supplier must obtain and maintain the following insurance coverage until the services have been completed to MBLL satisfaction:
 - (i) workers' compensation coverage;
 - (ii) professional liability insurance coverage for all professionals employed by the Supplier who will be working in their designated professional capacity in providing the services, such coverage to be provided through their membership in a professional association or by a separate professional liability insurance policy, in an amount of at least two million dollar (\$2,000,000.00) per occurrence or claim; and
 - (iii) commercial general liability insurance against claims for personal and bodily injury, death or damage to property of other arising out of any services conducted under the contract. Such insurance must provide for coverage of not less than two million dollars (\$2,000,000.00) per occurrence and name MBLL, its officers, employees and agents as addition insureds.

The above are minimum insurance requirements intended to provide basic coverage for the Supplier. It is the responsibility of the Supplier and its insurance advisors to determine whether these amounts are sufficient or whether additional or other insurance coverage should be obtained.

- (e) The Supplier must ensure that the services and the property on or in which the services are performed, and all amounts payable under the contract, are kept free and clear of all statutory liens including (without limitation) builders' liens, and other liens and trust claims. If the Supplier fails to do so, MBLL may, without waiving any of its rights or remedies against the supplier for or by reason of such failure:
 - (i) withhold any payment otherwise due to the Supplier until MBLL has received such affidavits, waivers, discharges and releases with respect to the liens or claims as MBLL may require; and
 - (iii) pay such amounts as may be required to obtain discharges or releases of liens or claims, and to deduct them from amounts otherwise due to the Supplier.
- (f) The services remain at the risk of the Supplier until payment for the services has been authorized in writing by MBLL in accordance with section 16. The Supplier must replace, at its own expense, any and all services damaged or destroyed by any cause whatsoever prior to MBLL having given written authorization to pay for the services.
- (g) The Supplier is an independent contractor and not an agent, employee or representative of MBLL. The Supplier must not hold itself out to be an agent, employee or representative of MBLL.
- (h) The Supplier must perform its services in accordance with the schedules and work programs established by MBLL and must fully cooperate with MBLL and others engaged in work on the project so that the work on the entire project may be performed most efficiently but always consistent with good practices. If conflicts arise between the Supplier's services schedule and those of other engaged to provide services on the project, MBLL may require the Supplier and those other parties to work according to a schedule determined by MBLL.
- (i) The Supplier must carry on its services so that the premises are at all times clean, orderly and free from debris. Upon completion of the services, the Supplier must remove all equipment and unused materials from the project, clean up all refuse and debris, and leave the services site clean, orderly and in good condition.
- (j) Whenever services are performed on MBLL premises or on premises under MBLL control, the Supplier must comply with all reasonable directions and requests of MBLL and with MBLL work and safety rules, and must require its employees, agents, contractors and subcontractors to so comply. MBLL has the right to exclude personnel from MBLL premises who do not comply with such directions, requests or rules and, at MBLL option, to terminate the contract if the Supplier or its employees, agents, contractors or subcontractors fail to comply with this provision.

22. Delay or Suspension

By advising the Supplier in writing, MBLL may, at its sole option from time to time, delay or suspend the delivery of goods or the provision of services under the contract, in whole or in part, for such period of time as may, in the opinion of MBLL, be necessary. Where there is such delay or suspension by MBLL, all terms and conditions of the contract shall continue in full force and effect against the Supplier, except the scheduled performance or delivery dates which shall be postponed accordingly.

23. Severance

If a court or other lawful authority of competent jurisdiction declares any provision of the contract to be invalid, illegal or unenforceable, the contract continues in full force and effect with respect to all other provisions. All rights and remedies under such other provisions survive any such declaration.

Any invalid, illegal or unenforceable provision must, to the extent permitted by law, be severed and replaced by a valid, legal and enforceable provision that comes as close as possible to the intention underlying the severed provision as may be ordered by a court or other lawful authority of competent jurisdiction or as may be agreed to in writing by MBLL and the Supplier.

24. Set-off or Deduction

All claims for money due or to become due from MBLL under the contract may be set off or reduced by MBLL for any counterclaim arising out of this transaction or for any other claim MBLL may have against the Supplier.

25. Survival of Obligations, Representations, Warranties and Indemnities

The obligations of the Supplier contained in section 28, as well as all representations, warranties and indemnifications made or given by the Supplier, survive in cancellation or termination of the contract, and the performance or completion by the Supplier of its obligations under the contract.

26. Arbitration

If a disagreement arises between MBLL and the Supplier in relation to the contract that cannot be resolved by them, either party may request that the other party agree to submit the matter to arbitration. If the other party agrees, the matter will be arbitrated and arbitrators will be selected in the manner provided below. If the other party does not agree to have the matter submitted to arbitration, the party who requested arbitration is not entitled to have the matter arbitrated.

The arbitrator may either be a single person chosen by and satisfactory to both parties, or an arbitration panel of three, one member to be selected by each party and a third selected by the two members selected by the parties. The decision of the arbitrator or arbitration panel must be accepted as final and binding. The cost of arbitration will be split equally between MBLL and the Supplier. In all other respects, the provisions of The Arbitration Act (Manitoba) govern

27. Advertising

The Supplier, and anyone on the Supplier behalf, must not advertise or publish anything that includes a claim by the Supplier that it has supplied or provided goods or services to MBLL or to any of its staff members unless the Supplier has first obtained the written consent of MBLL.

28. Disclosure of Information

All data and information furnished by MBLL to the Supplier in connection with the contract, including, with limitation, data and information in the form of specifications, drawings, reprints, technical information, equipment, prototypes, forecasts, schedules, or other technical or business information, are the exclusive property of MBLL. Such data and information must be held in strict confidence by the Supplier, its employees, agents, contractors and subcontractors, and must be

promptly returned to MBLL upon request by MBLL. The Supplier must ensure that all such data and information is kept confidential and that it is not disclosed to any other person, or used for any purpose other than to provide the goods or services requisitioned in the purchase order, unless and until it comes into the public domain (other than by or through the Supplier) or MBLL consents in writing to its disclosure.

29. Acceptable Laws

The contract must be interpreted, performed and enforced in accordance with the laws of Manitoba and of Canada as are applicable in Manitoba.

30. Notices

Any notice given or other communication sent by a party with respect to the contract must be in writing and must be delivered or sent by registered mail, postage prepaid, or by facsimile transmission, addressed to the other party at the address or facsimile number last provided by that party to the other. Any notice or communication that is:

- (a) delivered is deemed to have been received on the date of the delivery; or
- (b) sent by registered mail is deemed to have been received on the third business day of MBLL following the date of mailing; or
- (c) sent by facsimile transmission is deemed to have been received on the next business day of MBLL following the date of transmission, or,
- (d) emailed is deemed to have been received on the next business day of MBLL following the date of transmission

If mail service is disrupted by labour controversy on the date of mailing or within three business days after the date of mailing, the notice or communication must also be delivered or sent by facsimile transmission. Either party may change its address or facsimile number by giving notice in writing to the other party in the manner set out above.

31. Conflict

If there is any conflict between the terms and conditions in this document and those set out in the purchase order, those in the purchase order prevail.

This is Exhibit “BB” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

SLGA Registered Wholesalers/ Licensed Producers

July 20, 2023

Registration/Permit Number	Buisness Type	Status	Company Name	Operating Name	Province	PostalCode
W1002-2024	Cannabis Wholesale	Active	Running Leaf Corporation	Running Leaf Corporation	SK	S7P 0C4
W1036-2024	Cannabis Wholesale	Active	10926671 Canada Ltd.	Open Fields Distribution	SK	S7P 0E1
W1043-2024	Cannabis Wholesale	Active	National Cannabis Distribution Inc.	National Cannabis Distribution - Warman	SK	S0K 4S0
W1114-2026	Cannabis Wholesale	Active	Weed Pool Cannabis Co-Operative Limited	Weed Pool Cannabis Co-Operative Ltd.	SK	S4N 1X1
W1217-2024	Cannabis Wholesale	Active	Wallace & Carey Inc.	Wallace & Carey Inc - Regina	SK	S4N 5W1
L1015-2024	Licenced Producers Registration	Active	Sundial Growers Inc.	Sundial Growers Inc. - Airdrie	AB	T4B 2A3
L1017-2024	Licenced Producers Registration	Active	Aurora Cannabis Enterprises Inc.	Aurora Cannabis Enterprises Inc	AB	T9E 0V4
L1024-2024	Licenced Producers Registration	Active	Acreage Pharms Ltd.	Acreage Pharms Ltd.	AB	T0E 1W0
L1035-2023	Licenced Producers Registration	Active	Alberta Craft Cannabis Inc.	Alberta Craft Cannabis Inc.	AB	T6E 3N8
L1086-2025	Licenced Producers Registration	Active	Viridis Natural Health Products Ltd.	Viridis Cannabis	AB	T5S 1J1
L1127-2026	Licenced Producers Registration	Active	ANC Inc.	ANC Cannabis	AB	T6B 2X2
L1129-2026	Licenced Producers Registration	Active	OGEN Ltd.	OGEN Ltd.	AB	T2C 1G2
L1137-2026	Licenced Producers Registration	Active	1998643 Alberta Ltd. dba Stigma Grow	Stigma Grow - Red Deer	AB	T4E 3B6
L1139-2023	Licenced Producers Registration	Active	Radiant Technologies (Cannabis) Ltd.	Radiant Technologies (Cannabis) Ltd	AB	T6E 0A4
L1142-2023	Licenced Producers Registration	Active	Choice Growers Cannabis Inc.	Choice Growers Cannabis Inc.	AB	T1P 1J3
L1148-2023	Licenced Producers Registration	Active	Candre Cannabis Inc.	Candre Cannabis Inc.	AB	T0M 1X0
L1149-2023	Licenced Producers Registration	Active	Joi Botanicals Ltd.	Joi Botanicals	AB	T0J 1X0
L1150-2023	Licenced Producers Registration	Active	314 Pure Cannabis Ltd.	314 Pure Cannabis Ltd.	AB	T2E 3W7
L1167-2023	Licenced Producers Registration	Active	Dynaleo Inc.	Dynaleo Inc.	AB	T9E 1K7
L1182-2024	Licenced Producers Registration	Active	Freedom Cannabis Inc.	Freedom Cannabis Inc.	AB	T7X 6J4
L1193-2024	Licenced Producers Registration	Active	Palm Gardens Ltd.	Palm Gardens Cannabis Company	AB	T6B 3S7
L1201-2024	Licenced Producers Registration	Active	iNaturally Organic Inc. o/a Emprise Canada	iNaturally Organic Inc. o/a Emprise Canada	AB	T4H 1M6
L1210-2024	Licenced Producers Registration	Active	Pure Life Cannabis Corp.	Pure Life Cannabis Corp.	AB	T0B 0W0
L1285-2024	Licenced Producers Registration	Active	Partake Cannabis Inc.	Partake Cannabis Inc.	AB	T6E 5K3
L1286-2024	Licenced Producers Registration	Active	Battle River Pharmaceuticals Inc.	Battle River Pharmaceuticals Inc.	AB	T4J 1J8
L1297-2025	Licenced Producers Registration	Active	UpRyze Cannabis Ltd.	UpRyze Cannabis Ltd.	AB	T7X 6J4
L1306-2025	Licenced Producers Registration	Active	Token Naturals Ltd.	Token Naturals Ltd.	AB	T5L 3C7
L1309-2025	Licenced Producers Registration	Active	Noble Growth Alberta Limited Partnership	Noble Growth Alberta Limited Partnership	AB	T7A 0B2
L1315-2025	Licenced Producers Registration	Active	Hybrid Infusions Ltd.	Hybrid Infusions Ltd.	AB	T5L 3B2
L1319-2025	Licenced Producers Registration	Active	Supernova Farms Inc.	Supernova Farms Inc.	AB	T4S 2M4
L1355-2025	Licenced Producers Registration	Active	2253500 Alberta Inc	PBG BioPharma Cannabis	AB	T9E0Z4
L1368-2025	Licenced Producers Registration	Active	Alberta Bud Inc.	Alberta Bud	AB	T6B 3B6
L1386-2025	Licenced Producers Registration	Active	Truextracts (Calgary) Inc.	Truextracts (Calgary) Inc.	AB	T2E 7K5
L1387-2025	Licenced Producers Registration	Active	Wabi Sabi Brands Ltd.	Wabi Sabi Brands Ltd.	AB	T2E 0A9
L1388-2025	Licenced Producers Registration	Active	Olds Soft Gels Inc.	Olds Soft Gels Inc.	AB	T4H 1S7
L1397-2025	Licenced Producers Registration	Active	Distinkt Cannabis Ltd.	Distinkt Cannabis	AB	T2G 4A7
L1404-2025	Licenced Producers Registration	Active	Aphelion Pharmaceuticals Inc.	Aphelion Pharmaceuticals Inc.	AB	T9E 7R5
L1406-2025	Licenced Producers Registration	Active	919 Cannaline Inc.	919 Cannaline Inc.	AB	T0A 1A0
L1411-2025	Licenced Producers Registration	Active	Zelca Ltd.	Zelca Ltd.	AB	T2E 6R7
L1423-2026	Licenced Producers Registration	Active	Indigro Oragnics Inc.	Canalief	AB	T1Y 5W4
L1275-2024	Licenced Producers Registration	Active	Choklat Inc.	Choklat Inc.	AB	T2E 6T5
L1429-2026	Licenced Producers Registration	Active	2143119 Alberta Ltd.	Space Race Cannabis	AB	T5M 3W6
L1440-2026	Licenced Producers Registration	Active	Black Rock Cannabis Company Ltd.	Black Rock Cannabis Company Ltd.	AB	T3Z 3S3
L1018-2024	Licenced Producers Registration	Active	United Greeneries Ltd.	United Greeneries Ltd.	BC	V9L 6V2
L1019-2024	Licenced Producers Registration	Active	Canna Farms Limited	Canna Farms Limited	BC	VOX 1L2
L1023-2024	Licenced Producers Registration	Active	The Flowr Group (Okanagan) Inc	The Flowr Group (Okanagan) Inc	BC	V4V 1R2
L1064-2025	Licenced Producers Registration	Active	Potanicals Green Gowers Inc.	Potanicals Green Growers Inc.	BC	V7E 3S3
L1033-2026	Licenced Producers Registration	Active	THC BioMed Ltd.	THC BioMed Ltd.	BC	V1X 7L4
L1044-2023	Licenced Producers Registration	Active	We Grow B.C. Ltd.	We Grow B.C. Ltd.	BC	VOB 1G7
L1049-2023	Licenced Producers Registration	Active	Tantalus Labs Ltd.	Tantalus Labs Ltd.- Maple Ridge	BC	V2W1R1
L1051-2026	Licenced Producers Registration	Active	Broken Coast Cannabis Ltd.	Broken Coast Cannabis Ltd.	BC	V9L 0E9
L1095-2025	Licenced Producers Registration	Active	Rubicon Holding Corp.	Vintages Organic Cannabis Company - Delta	BC	V4K 3N3
L1119-2026	Licenced Producers Registration	Active	Valens Agritech Ltd.	Valens Agritech Ltd. - Kelowna, BC	BC	V4V 2K5
L1123-2026	Licenced Producers Registration	Active	Pure Sunfarms Corp.	Pure Sunfarms Corp. - Delta, BC	BC	V4K 3N3
L1135-2026	Licenced Producers Registration	Active	0957102 BC Ltd. dba Apothecary Botanicals	0957102 BC Ltd. dba Apothecary Botanicals - Port Coquitlam,BC	BC	V3C 2M8
L1136-2026	Licenced Producers Registration	Active	Sitka Weed Works Inc.	Sitka Legends	BC	V9Z 3S1

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L1151-2023	Licensed Producers Registration	Active	Heritage Cannabis West Corporation	Heritage Cannabis West Corporation	BC	VOE 1W0
L1169-2023	Licensed Producers Registration	Active	Dycar Pharmaceuticals Ltd.	Dycar Pharmaceuticals Ltd.	BC	V1C 4C6
L1177-2024	Licensed Producers Registration	Active	BZAM Management Inc.	BZAM Management Inc. d.b.a. BZAM Cannabis	BC	V3Y 0E2
L1183-2024	Licensed Producers Registration	Active	Embark Delta Inc.	Embark Health	BC	V3M 6S7
L1219-2024	Licensed Producers Registration	Active	Coast Mountain Cannabis Inc.	Coast Mountain Cannabis Inc.	BC	VON 2L0
L1255-2024	Licensed Producers Registration	Active	Pure Extracts Manufacturing Corp.	Pure Extracts	BC	VON 2K0
L1269-2024	Licensed Producers Registration	Active	Nextleaf Labs Ltd.	Nextleaf Labs Ltd.	BC	V3K 7B1
L1303-2025	Licensed Producers Registration	Active	Adastra Labs Inc.	Adastra Labs Inc.	BC	V4W 3X8
L1307-2025	Licensed Producers Registration	Active	Tricanna Industries Inc.	Tricanna Industries Inc.	BC	V4S 0A1
L1310-2025	Licensed Producers Registration	Active	Terra Labs Inc.	Terra Labs Inc.	BC	V4V 2K5
L1347-2025	Licensed Producers Registration	Active	Cicatrix Labs Ltd	Cicatrix Labs Ltd	BC	V1X 7X2
L1350-2025	Licensed Producers Registration	Active	1235009 B.C. Ltd. d.b.a. FN Canna	FN Canna	BC	V2R 5M5
L1362-2025	Licensed Producers Registration	Active	Pantheon Cannabis Group Inc.	Pantheon Cannabis Group	BC	V1E 2X2
L1364-2025	Licensed Producers Registration	Active	Astra Life Sciences Inc.	Astra Life Sciences Inc.	BC	V1T 9E9
L1375-2025	Licensed Producers Registration	Active	Organicraft Production Inc.	Organicraft	BC	V1B 3W6
L1381-2025	Licensed Producers Registration	Active	Western Extraction Ltd.	Western Extraction Ltd.	BC	VOR 2H0
L1393-2025	Licensed Producers Registration	Active	Glen Valley Cannabis Ltd.	Glen Valley Cannabis Ltd.	BC	V4W 3X9
L1396-2025	Licensed Producers Registration	Active	Canadian National Pharma Group Inc.	Canadian National Pharma Group Inc.	BC	V2T 6H1
L1105-2025	Licensed Producers Registration	Active	Good Buds Company Inc.	Good Buds Company Inc.	BC	V8K 1C9
L1420-2026	Licensed Producers Registration	Active	Sweetgrass Cannabis Ltd.	Sweetgrass Cannabis Ltd.	BC	V0G 2K0
L1422-2026	Licensed Producers Registration	Active	Just Kush Enterprises Ltd.	Just Kush	BC	VOH 1R1
L1425-2026	Licensed Producers Registration	Active	1136926 BC Ltd.	Valhalla Flw	BC	V1P 1A4
L1433-2026	Licensed Producers Registration	Active	ShuCanna Growers Corp.	ShuCanna Growers Corp.	BC	V1E 1T4
L1434-2026	Licensed Producers Registration	Active	Woody Nelson	Woody Nelson	BC	V1L 6L6
L1439-2026	Licensed Producers Registration	Active	Sweet Valley Cannabis Inc.	Sweet Valley Cannabis Inc.	BC	VOH 1Z8
L1436-2026	Licensed Producers Registration	Active	Kush Mountain Craft Cannabis Inc.	Kush Mountain Craft Cannabis Inc.	BC	V2N 6K4
L1447-2026	Licensed Producers Registration	Active	Elevate Wellness Inc.	Elevate Wellness Inc.	BC	V3C 2M8
L1448-2026	Licensed Producers Registration	Active	Bhang Walay Inc.	Bhang Walay Inc.	BC	V8T 2C6
L1452-2026	Licensed Producers Registration	Active	Otoka Holdings Ltd. d.b.a. Victoria Cannabis Company	Victoria Cannabis Company	BC	V9A 3V9
L1456-2026	Licensed Producers Registration	Active	Flowerchild Research Inc. d.b.a. Collective Trygg	Flowerchild Research Inc. d.b.a. Collective Trygg	BC	V3W 3X5
L1457-2026	Licensed Producers Registration	Active	Leaf Infusions Inc.	Leaf Infusions Inc.	BC	V3M 5X2
L1059-2025	Licensed Producers Registration	Active	Delta 9 Bio-Tech Inc.	Delta 9 Bio-Tech Inc.- Winnipeg, MB	MB	R2C 3N1
L1156-2023	Licensed Producers Registration	Active	BioScision Pharm Inc.	BioScision Pharm Inc.	MB	R3Y 1G4
L1413-2025	Licensed Producers Registration	Active	10104095 Manitoba Inc.	Rogue Processing	MB	ROA 0A2
L1437-2026	Licensed Producers Registration	Active	Kief Cannabis Company Ltd.	Kief Cannabis Company Ltd.	MB	R1A 2M1
L1446-2026	Licensed Producers Registration	Active	Natural Earth Eco Ltd. d.b.a. Natural Earth Craft Cannabis	Natural Earth Craft Cannabis	MB	R5M 0E7
L1034-2026	Licensed Producers Registration	Active	Organigram Inc.	Organigram Inc.	NB	E1E3X3
L1223-2024	Licensed Producers Registration	Active	Crystal Cure Inc.	Crystal Cure Inc.	NB	E4P 3A1
L1391-2025	Licensed Producers Registration	Active	Eco Canadian Organic Inc.	Eco Canadian Organic Inc.	NB	E4W 0B6
L1271-2024	Licensed Producers Registration	Active	BeeHigh Vital Elements Inc.	BeeHigh Vital Elements Inc.	NL	A2H 6J3
L1418-2025	Licensed Producers Registration	Active	Argentia Gold Corp.	Argentia Gold Corp.	NL	A0B 1W0
L1425-2026	Licensed Producers Registration	Active	Atlantic Cultivation Ltd.	Atlantic Cultivation Ltd.	NL	A1B 0T4
L1042-2024	Licensed Producers Registration	Active	Breathing Green Solutions Inc.	Breathing Green Solutions Inc.	NS	B0M 1Z0
L1083-2023	Licensed Producers Registration	Active	Highland Grow Inc.	Highland Grow Inc.	NS	B2G 2K8
L1084-2025	Licensed Producers Registration	Active	Aqualitas Inc.	Aqualitas Inc.	NS	B0J 1H0
L1157-2023	Licensed Producers Registration	Active	Truro Cannabis Inc.	Truro Cannabis Company - Truro, NS	NS	B2N 6V8
L1175-2024	Licensed Producers Registration	Active	AtlantiCann Medical Inc.	AtlantiCann Medical Inc.	NS	B4C 3Z2
L1257-2024	Licensed Producers Registration	Active	Orion Cannabis Corp.	Orion Cannabis Corp.	NS	B2Y 4W6
L1273-2024	Licensed Producers Registration	Active	Mernova Medicinal Inc.	Mernova Medicinal Inc.	NS	B0N 2T0
L1329-2025	Licensed Producers Registration	Active	Boreal Cultivation Inc.	Boreal Cultivation Inc.	NT	X1A 0G8
L1009-2025	Licensed Producers Registration	Active	Tilray	Aphria Inc.	ON	N8H 4H3
L1012-2025	Licensed Producers Registration	Active	The Green Organic Dutchman Ltd.	The Green Organic Dutchman Ltd. - Jerseyville	ON	LOR 1R0
L1013-2024	Licensed Producers Registration	Active	WPCP Ltd.	WPCP Ltd.	ON	L8N 2Z7
L1014-2024	Licensed Producers Registration	Active	Phoena Inc.	Phoena Inc.	ON	L4K 5B6
L1025-2024	Licensed Producers Registration	Active	Tweed Inc.	Canopy Growth Corporation	ON	K7A 0A8
L1028-2024	Licensed Producers Registration	Active	Emblem Cannabis Corp.	Emblem Cannabis Corp.	ON	N3L 3N6
L1037-2024	Licensed Producers Registration	Active	Peace Naturals Project Inc.	Peace Naturals Project Inc - Stayner	ON	L0M 1S0

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L1041-2024	Licensed Producers Registration	Active	AgMedica Bioscience Inc.	Vertical Cannabis	ON	N7M 5J5
L1057-2025	Licensed Producers Registration	Active	WeedMD Rx Inc.	WeedMD Rx Inc.- Mount Brydges, ON	ON	NOL 1W0
L1063-2025	Licensed Producers Registration	Active	MediPharm Labs Inc.	MediPharm Labs Inc.	ON	L4N 2L1
L1066-2025	Licensed Producers Registration	Active	Weed Me Inc.	Weed Me Inc.	ON	L1W 3V7
L1092-2025	Licensed Producers Registration	Active	Northern Green Canada Inc.	Northern Green Canada Inc.	ON	L6T 3T7
L1094-2025	Licensed Producers Registration	Active	Natural MedCo Ltd.	Eve & Co Incorporated - Strathroy ON	ON	N7G 3H8
L1101-2025	Licensed Producers Registration	Active	Radicle Medical Marijuana Inc.	Noya Cannabis Inc.	ON	L8P 2J7
L1103-2025	Licensed Producers Registration	Active	CannMart Inc.	CannMart Inc.	ON	M9W 4L8
L1109-2025	Licensed Producers Registration	Active	Indiva Inc.	Indiva Inc.	ON	N6E 1P5
L1110-2023	Licensed Producers Registration	Active	Quality Green Inc.	Quality Green Inc. - Canfield, ON	ON	N0A 1C0
L1113-2026	Licensed Producers Registration	Active	A.B. Laboratories Inc.	Steel City Green	ON	L9G 4V5
L1124-2026	Licensed Producers Registration	Active	JC Green Cannabis Inc.	JC Green Cannabis Inc. - Thorndale, ON	ON	NOM 2P0
L1132-2026	Licensed Producers Registration	Active	8586985 Canada Corporation o/a WILL Cannabis Group	8586985 Canada Corporation o/a WILL Cannabis Group	ON	L6W 3H7
L1133-2026	Licensed Producers Registration	Active	Maricann Inc.	Maricann Inc. - Langton, ON	ON	N0E 1G0
L1141-2023	Licensed Producers Registration	Active	AgriPharm Corp.	AgriPharm Corp.	ON	L0M 1S0
L1143-2023	Licensed Producers Registration	Active	Mera Cannabis Corp.	Mera Cannabis Corp. - St.Thomas, ON	ON	N5P 4A4
L1147-2023	Licensed Producers Registration	Active	1422206 Ontario Inc.	Dykstra Greenhouses - St. Catharines, ON	ON	L2R 6P9
L1154-2023	Licensed Producers Registration	Active	Purileaf Brands Corporation	Purileaf	ON	L2G 0B8
L1164-2023	Licensed Producers Registration	Active	Trichome JWC Acquisition Corp dba JWC	Trichome JWS Acquisition Corp - Kitchener	ON	N2R 1K4
L1171-2023	Licensed Producers Registration	Active	Abba Medix Corp.	Abba Medix Corp.	ON	L1W 2Y7
L1179-2024	Licensed Producers Registration	Active	Motif Labs Ltd.	Motif Labs	ON	N5H 2B8
L1197-2024	Licensed Producers Registration	Active	Muskoka Grown (2020) Limited	Muskoka Grown (2020) Limited	ON	P1L 1T5
L1199-2024	Licensed Producers Registration	Active	Olli Brands Inc.	Olli Brands Inc.	ON	M8Z 2E4
L1200-2024	Licensed Producers Registration	Active	Diteba Laboratories Inc.	Diteba Laboratories inc.	ON	L4W 5S9
L1206-2024	Licensed Producers Registration	Active	Greenseal Cannabis Company Ltd.	Greenseal Cannabis Company Ltd.	ON	N4Z 1H3
L1107-2025	Licensed Producers Registration	Active	Canveda Inc.	Canveda Inc.	ON	K9J 6X7
L1225-2024	Licensed Producers Registration	Active	Hydrix Farms Ltd.	Hydrix Farms Ltd.	ON	L1N 6K9
L1236-2024	Licensed Producers Registration	Active	Ayurcann Inc. d.b.a XTRX Solutions	Ayurcann Inc. d.b.a XTRX Solutions	ON	L1W 3H3
L1251-2024	Licensed Producers Registration	Active	Lupos (Canada) Biotechnology Inc.	Lupos (Canada) Biotechnology Inc.	ON	M1C 1E9
L1253-2024	Licensed Producers Registration	Active	2560968 Ontario Inc.	Lowbanks Grow	ON	N0A 1K0
L1254-2024	Licensed Producers Registration	Active	Sensi Brands Ltd	Sensi Brands Ltd	ON	N5P 3R8
L1263-2024	Licensed Producers Registration	Active	Medz Cannabis Inc.	Medz Cannabis Inc.	ON	M9W 6P7
L1264-2024	Licensed Producers Registration	Active	1985314 Ontario Ltd. d.b.a. Coulson Cannabis	1985314 Ontario Ltd. d.b.a. Coulson Cannabis	ON	N0H 2C6
L1267-2024	Licensed Producers Registration	Active	Strains Limited	Strains Ltd.	ON	L0G 1M0
L1276-2024	Licensed Producers Registration	Active	Canadian Clinical Cannabinoids Inc.	Canadian Clinical Cannabinoids Inc.	ON	M1R 3B7
L1280-2024	Licensed Producers Registration	Active	Final Bell Corp.	Final Bell Corp.	ON	L1C 0Y7
L1299-2025	Licensed Producers Registration	Active	Hempsana Holdings Ltd.	Hempsana	ON	N7A 4K3
L1317-2025	Licensed Producers Registration	Active	Kusa Farms Limited	Kusa Farms Limited	ON	N8H 3V8
L1322-2025	Licensed Producers Registration	Active	Blossim Inc.	Blossim Inc.	ON	L6A 1R4
L1336-2025	Licensed Producers Registration	Active	Medical Saints Ltd.	Medical Saints Ltd.	ON	M1P 2P1
L1351-2025	Licensed Producers Registration	Active	GMLL Pharma Inc.	GMLL Pharma Inc.	ON	N8H 4H3
L1354-2025	Licensed Producers Registration	Active	Loosh Inc.	Loosh Inc.	ON	M3J 2T4
L1356-2025	Licensed Producers Registration	Active	BlackRose Reserve Inc.	Black Rose Reserve	ON	N2E 1Y6
L1358-2025	Licensed Producers Registration	Active	9869247 Canada Limited	Safari Flower Company	ON	L0S 1S0
L1369-2025	Licensed Producers Registration	Active	Black Rose Organics Canada Inc.	Black Rose Organics Canada Inc.	ON	L3R 6L3
L1383-2025	Licensed Producers Registration	Active	Truss Limited Partnership d.b.a. Truss	Truss	ON	K8N 5T2
L1390-2025	Licensed Producers Registration	Active	WellCann Intl. Inc	WellCann Intl. Inc.	ON	L4K 4H7
L1399-2025	Licensed Producers Registration	Active	Molecule Inc	Molecule Inc	ON	K0E 1C0
L1400-2025	Licensed Producers Registration	Active	Rouge River Chocolate Inc.	Rouge River Chocolate Inc.	ON	M1V 5J4
L1407-2025	Licensed Producers Registration	Active	002457413 Ontario	Kronic Relief Inc	ON	M6M 2Y4
L1408-2025	Licensed Producers Registration	Active	Regal Cannabis Ltd.	Regal Cannabis Ltd.	ON	L7G 457
L1410-2025	Licensed Producers Registration	Active	2682130 Ontario Limited	Peak Processing Solutions	ON	NOR 1L0
L1412-20255	Licensed Producers Registration	Active	Cannjah Pharm Inc.	Cannjah Pharm Inc.	ON	L4N 8Y5
L1431-2026	Licensed Producers Registration	Active	Ze Feng International Group In.	Growtown	ON	K0J 1J0
L1738-2026	Licensed Producers Registration	Active	Carmel Phrams Corp.	Carmel Phrams Corp.	ON	L0L 2E0
L1443-2026	Licensed Producers Registration	Active	True Fire & Co. Ltd.	True Fire & Co. Ltd.	ON	N0A 1J0
L1444-2026	Licensed Producers Registration	Active	2589991 Ontario Inc. d.b.a. SESS Holdings	SESS Holdings	ON	L4V 1R3

SLGA Registered Wholesalers/ Licensed Producers

July 20, 2023

L1060-2023	Licensed Producers Registration	Active	Auxly Charlottetown Inc.	Auxly Charlottetown Inc.	PE	C1E 0K5
L1116-2026	Licensed Producers Registration	Active	Canada's Island Garden Inc.	Canada's Island Garden Inc.	PE	C1E 0B7
L1382-2025	Licensed Producers Registration	Active	102466 P.E.I Inc. d.b.a. Retro Cannabis and Help Extracts	Retro Cannabis	PE	C1E 2B4
L1087-2025	Licensed Producers Registration	Active	HEXO Operations Inc.	HEXO - Gatineau QC	QC	J8M 1V2
L1159-2023	Licensed Producers Registration	Active	RoyalMax Biotechnology Canada Inc.	RoyalMax Biotechnology Canada Inc.	QC	H9P 1G1
L1222-2024	Licensed Producers Registration	Active	Cannara Biotech (Quebec) Inc.	Cannara Biotech (Quebec) Inc.	QC	J2N 1C1
L1227-2024	Licensed Producers Registration	Active	Laurentian Organic Inc.	Laurentian Organic Inc.	QC	J0T 1J0
L1248-2024	Licensed Producers Registration	Active	Greentone Enterprises Inc.	Greentone Enterprises Inc.	QC	G9H 2V6
L1305-2025	Licensed Producers Registration	Active	Les Eaux St Leger Inc./ St Leger Waters Inc.	Nano Cannabis	QC	J3Z 1G4
L1318-2025	Licensed Producers Registration	Active	Groupe Fuga Inc.	Groupe Fuga Inc.	QC	G3C 1K2
L1338-2025	Licensed Producers Registration	Active	Silicycle Inc.	Silicycle Inc.	QC	G1P 456
L1343-2025	Licensed Producers Registration	Active	EXKA Inc.	EXKA Inc.	QC	J7N 2R6
L1348-2025	Licensed Producers Registration	Active	C3.Farm Centre Inc.	C3. Farm Centre Inc.	QC	J7V8P5
L1373-2025	Licensed Producers Registration	Active	Ciela Verde Quebec Inc.	Cielo Verde Quebec Inc.	QC	H9R 1G3
L1376-2025	Licensed Producers Registration	Active	Montreal Cannabis Medical Inc.	Montreal Cannabis Medical Inc.	QC	H9R 1B4
L1377-2025	Licensed Producers Registration	Active	QC GOLD TECH INC.	QcGoldtech	QC	J0V 1W0
L1389-2025	Licensed Producers Registration	Active	J2 Science Inc.	J2 Science Inc.	QC	J6J 4Z2
L1395-2025	Licensed Producers Registration	Active	Origami Extraction	Origami Extraction Inc.	QC	GOM 1K0
L1405-2025	Licensed Producers Registration	Active	Great White North Growers Inc.	Great White North Growers Inc.	QC	H1J 1M6
L1414-2025	Licensed Producers Registration	Active	Plantations Cérés Inc.	Plantations Cérés Inc.	QC	J0X 2X0
L1115-2026	Licensed Producers Registration	Active	Bold Growth Inc.	Bold Growth Inc.	SK	S7K 3J5
L1176-2024	Licensed Producers Registration	Active	OneLeaf Cannabis Corp	OneLeaf Cannabis Market Ltd. RM of Sherwood	SK	S0G 5K0
L1226-2024	Licensed Producers Registration	Active	Western Cannabis Ltd.	Western Cannabis Ltd.	SK	S4N 2Y3
L1249-2024	Licensed Producers Registration	Active	North 40 Cannabis Limited	North 40 Cannabis Limited	SK	S0E 1E0
L1258-2024	Licensed Producers Registration	Active	102016483 Saskatchewan Ltd. o/a LOCK Cannabis Company	LOCK Cannabis Company - Sask Landing	SK	S9H 3W4
L1268-2024	Licensed Producers Registration	Active	Under the Sun Groweries Inc.	Under the Sun Groweries Inc.	SK	S7K 3J8
L1320-2025	Licensed Producers Registration	Active	102002643 Saskatchewan Ltd. d.b.a. Fisher Family Farm	Fisher Family Farm	SK	S7K 1R9
L1331-2025	Licensed Producers Registration	Active	Southern Prairie Plant Growers Ltd. d.b.a. T8 Cannabis	T8 Cannabis	SK	S0C 0N0
L1360-2025	Licensed Producers Registration	Active	Vigr Life Cannabis Incorporated	VLC	SK	S4N 2C6
L1380-2025	Licensed Producers Registration	Active	Herba Farms Ltd	Herba Farms Ltd	SK	S0G 3C0
L1402-2025	Licensed Producers Registration	Active	TrueExtracts (Regina) Inc.	TruExtracts (Regina) Inc.	SK	S4N 5X5
L1403-2025	Licensed Producers Registration	Active	Electric Lettuce Productions Inc.	Electric Lettuce Productions Inc.	SK	S0H 1J0
L1409-2025	Licensed Producers Registration	Active	Organics Cannabis Ltd.	Organics Cannabis Ltd.	SK	S0L 2C0
L1435-2026	Licensed Producers Registration	Active	102113814 Saskatchewan Corp. d.b.a. HempCraft Cannabis	HempCraft	SK	S0G 1K0
L1453-2026	Licensed Producers Registration	Active	Cosmic Extracts Inc.	Cosmic Extracts Inc.	SK	S0K 3A0
L1392-2025	Licensed Producers Registration	Active	ArcticPharm LTD	ArcticPharm Organic	YT	T0B 1Y2
L1204-2024	Licensed Producers Registration	Temp. Closure	Oakum Cannabis Corp.	Oakum Cannabis Corp.	BC	V1X 7S2
L1214-2024	Licensed Producers Registration	Temp. Closure	Galaxie Brands Corporation	Galaxie Brands Corporation	ON	N0B 2J0
L1231-2024	Licensed Producers Registration	Temp. Closure	Canngroup Development Corp.	Canngroup Development Corp.	BC	V0E 1V3
L1349-2025	Licensed Producers Registration	Temp. Closure	716513 Alberta Ltd.	One World Cannabis	AB	T0G 0P0
L1363-2025	Licensed Producers Registration	Temp. Closure	Hytn Cannabis Inc.	Hytn Cannabis Inc.	BC	V1Y 7E4
L1140-2023	Licensed Producers Registration	Temp. Closure	Atlas Growers Ltd.	Atlas Growers Ltd.	AB	T0E 1A0

This is Exhibit "CC" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits



Aleafia and Serruya Family to Enter Cannabis Retail Joint-Venture for Launch of One Plant™

Major Retail Operation Backed by Family behind Iconic Yogen Früz, Second Cup Brands

TORONTO, Sept. 25, 2018 -- Aleafia Health Inc. (TSXV: ALEF; OTCQX: ALEAF, FRA: ARAH) ("Aleafia") or (the "Company"), has entered into a letter of intent to acquire a 51 per cent stake in One Plant™, an adult-use cannabis retail operation led by members of the Serruya Family (the "Serruya Family"), including Aaron Serruya, the president of International Franchise Inc., which has over 4500 franchise locations in over 50 countries. Serruya Family has also been a leading force in the cannabis industry as early investors of Aphria ("TSX:APH") and the majority shareholder of Liberty Health Sciences ("CNSX: LHS"). Together, the two parties will form a joint venture (the "JV").

The JV marks the first phase of a multiphase strategy that will see Aleafia enter the adult use Cannabis industry and related retail operations in Canada, joining Aleafia's two existing business pillars; cannabis cultivation and medical clinic operations. Pending standard due diligence to be completed within 14 days, the execution of definitive agreements and regulatory approvals, the acquisition provides Aleafia the tools to become one of the largest national adult-use cannabis retailers.

JV Highlights:

- Backed and supported by Aaron Serruya, president of International Franchise Inc. which has over 4500 quick service restaurant locations in over 50 countries
- Initial launch to include over 20 retail locations in Ontario, with a subsequent expansion plan across Canada
- Licensing agreements with established international cannabis brands upon store launch
- Turn-key operation with ready-made store design and retail systems in place
- Intellectual property including genetics and packaging
- Vertical integration, with Aleafia cultivation facilities producing cannabis for processing, extraction, packaging and eventual listing in retail locations

Under the terms of the LOI, Aleafia and Serruya Family will establish a new corporation for the JV that will be owned 51% by Aleafia and 49% by Serruya Family. Aleafia will purchase its 51% stake in the JV company by way of the issuance of five million Aleafia shares to the Serruya Family. Aleafia will also contribute to the JV \$5 million in cash and cannabis product on industry standard wholesale pricing, among other contributions. Complete details of the JV will be outlined in a definitive shareholders agreement to be entered into between Aleafia and Serruya Family.

The board of directors of the new JV company will consist of two (2) nominees of Aleafia, two (2) nominees of Serruya Family and one (1) independent, and the management team of the JV company will be determined jointly by Aleafia and Serruya Family.

Private Placement

In addition, Aleafia is pleased to announce that The Serruya Family will complete a strategic investment through a non-brokered private placement of \$10,000,000 in Aleafia common shares at a price of \$3.10 per share. Closing of the private placement is expected to occur on about October 15, 2018, subject to definitive agreements and TSX Venture Exchange acceptance, among other conditions.

"This joint venture positions Aleafia to capture significant national market share in the retail adult-use cannabis market in Canada. The Serruya family are excellent retail entrepreneurs with a proven track record in quickly scaling their businesses to global proportions," said Aleafia CEO Geoffrey Benic. "Our team is very excited to work with the Serruya family to achieve the same result in the global adult-use cannabis market."

"The Serruya family is pleased to joint venture with Aleafia's strong management team in building and scaling a retail cannabis chain with immediate national reach and global expansion plans," said Aaron Serruya, managing director of Serruya Private Equity. "We are excited to once again play an early role in building one of the world's largest cannabis companies."

About Aaron Serruya:

Aaron Serruya began his career at age nineteen as the other co-founder of Yogen Früz®. Aaron was also involved at various levels, in Coolbrands® and Kahala Brands®. Having over three decades of experience in the retail franchising sector, in addition to his position as a Managing Director at SPE, Aaron is currently the President of International Franchise Inc. (home of global brands such as Yogen Früz®, Pinkberry® and Swensen's® Ice Cream), which has over 4,500 quick service restaurants worldwide, in over 50 countries. He has also been a leading force in the cannabis industry, as an early investor in one of the largest global cannabis companies and the current majority owner of Liberty Health Sciences.

Aaron is a major investor in Second Cup, where he and his brother Michael sit on the board of directors.

About Aleafia Health Inc.:

Aleafia is a leading, vertically integrated cannabis company with major cannabis cultivation & processing and medical cannabis clinics business operations. Aleafia owns two cannabis cultivation facilities, one of which is licensed and fully operational and one which will be fully operational in late 2018. Aleafia will reach a fully-funded annual growing capacity of 38,000 kg in 2019. Canabo Medical Clinics are the largest brick and mortar medical cannabis clinic network in Canada with 22 locations and over 50,000 patients.

For Investor & Media Relations, please contact:

Nicholas Bergamini, VP, Public Affairs
IR@AleafiaInc.com

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

FORWARD LOOKING INFORMATION

This press release contains forward-looking statements and information that are based on the beliefs of management and reflect the Company's current expectations. When used in this press release, the words "estimate", "project", "belief", "anticipate", "intend", "expect", "plan", "predict", "may" or "should" and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements and information. The forward-looking statements and information in this press release includes information relating to the implementation of Aleafia Health's business plan. Such statements and information reflect the current view of the Company with respect to risks and uncertainties that may cause actual results to differ materially from those contemplated in those forward-looking statements and information.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: risks associated with the implementation of Aleafia Health's business plan and matters relating thereto, risks associated with the cannabis industry, competition, regulatory change, the need for additional financing, reliance on key personnel, the potential for conflicts of interest among certain officers or directors, and the volatility of the Company's common share price and volume. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

A photo accompanying this announcement is available at <http://www.globenewswire.com/NewsRoom/AttachmentNg/d1ee1804-873b-4c71-adc3-9307b32579a0>

This is Exhibit “DD” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

Payroll Company Code	Payroll Company Name	Position ID	Legal Last Name	Legal First Name	Position Status	Worker Category	D Home Department Description	Location Description
1PR	Emblem Cannabis Corp				Active	Full Time	PRODUCTION OPERATIONS	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	SHIPPING & RECEIVING	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	CALL CENTRE PARIS	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	CALL CENTRE PARIS	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	CALL CENTRE PARIS	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	CALL CENTRE PARIS	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	Logistics	Basaltic DC
1PR	Emblem Cannabis Corp				Active	Full Time	CALL CENTRE PARIS	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	EXTRACTION	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	EXTRACTION	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	Quality & Regulatory Affairs	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	Quality & Regulatory Affairs	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	Quality & Regulatory Affairs	Basaltic DC
1PR	Emblem Cannabis Corp				Active	Full Time	CAMPUS MANAGEMENT	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	CAMPUS MANAGEMENT	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	Quality & Regulatory Affairs	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	Quality & Regulatory Affairs	Paris Campus
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1PR	Emblem Cannabis Corp				Active	Full Time	Quality & Regulatory Affairs	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	GROW OPERATIONS	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	CAMPUS MANAGEMENT	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	GROW OPERATIONS	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	PRODUCTION OPERATIONS	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	MAINTENANCE	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	SHIPPING & RECEIVING	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	PRODUCTION OPERATIONS	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	CAMPUS MANAGEMENT	Paris Campus
1PR	Emblem Cannabis Corp				Active	Full Time	Quality & Regulatory Affairs	Paris Campus
8FV	Growwise				Leave	Full Time	GROWWISE CLINICS	Remote
8MZ	Aleafia Inc.				Active	Full Time	CALL CENTRE ST.JOHN'S	St. John's, NF
8MZ	Aleafia Inc.				Active	Full Time	CALL CENTRE ST.JOHN'S	St. John's, NF
8MZ	Aleafia Inc.				Active	Full Time	CANABO CLINICS	Remote
8MZ	Aleafia Inc.				Leave	Full Time	CANABO CLINICS	Remote
8MZ	Aleafia Inc.				Active	Full Time	CANABO CLINICS	Remote
8MZ	Aleafia Inc.				Active	Full Time	CALL CENTRE ST.JOHN'S	St. John's, NF
8MZ	Aleafia Inc.				Active	Full Time	CALL CENTRE ST.JOHN'S	St. John's, NF
8MZ	Aleafia Inc.				Active	Full Time	CANABO CLINICS	Remote
8MZ	Aleafia Inc.				Active	Full Time	CALL CENTRE ST.JOHN'S	St. John's, NF
8MZ	Aleafia Inc.				Active	Full Time	CALL CENTRE ST.JOHN'S	St. John's, NF
8MZ	Aleafia Inc.				Leave	Full Time	CALL CENTRE ST.JOHN'S	St. John's, NF
8MZ	Aleafia Inc.				Active	Full Time	CANABO CLINICS	Remote
8MZ	Aleafia Inc.				Leave	Full Time	CANABO CLINICS	Remote
8MZ	Aleafia Inc.				Active	Full Time	CANABO CLINICS	Remote
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8MZ	Aleafia Inc.				Active	Full Time	CANABO CLINICS	Remote
8MZ	Aleafia Inc.				Active	Contract	CANABO CLINICS	Remote

F1W	Emblem Cannabis Corp		Active	Full Time	CALL CENTRE PARIS	Paris Campus
F1W	Emblem Cannabis Corp		Active	Part Time	CALL CENTRE PARIS	Remote
F1W	Emblem Cannabis Corp		Active	Full Time	GROW OPERATIONS	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	GROW OPERATIONS	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	GROW OPERATIONS	Paris Campus
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F1W	Emblem Cannabis Corp		Active	Full Time	GROW OPERATIONS	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	Security	Basaltic DC
F1W	Emblem Cannabis Corp		Active	Full Time	Security	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	EXTRACTION	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	PRODUCTION OPERATIONS	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	EXTRACTION	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	Maintenance	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	Maintenance	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	EXTRACTION	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	EXTRACTION	Paris Campus
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F1W	Emblem Cannabis Corp		Leave	Full Time	PRODUCTION OPERATIONS	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	PRODUCTION OPERATIONS	Paris Campus
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F1W	Emblem Cannabis Corp		Active	Full Time	PRODUCTION OPERATIONS	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	SHIPPING & RECEIVING	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	Sanitation	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	PRODUCTION OPERATIONS	Paris Campus
F1W	Emblem Cannabis Corp		Active	Full Time	Logistics	Basaltic DC
F1W	Emblem Cannabis Corp		Active	Full Time	Logistics	Basaltic DC
F1W	Emblem Cannabis Corp		Leave	Full Time	Logistics	Basaltic DC
F1W	Emblem Cannabis Corp		Active	Full Time	Logistics	Basaltic DC
F1W	Emblem Cannabis Corp		Active	Full Time	Logistics	Basaltic DC
F1W	Emblem Cannabis Corp		Active	Full Time	Logistics	Basaltic DC
J9S	Aleafia Farms Inc.		Active	Full Time	Security	Port Perry Campus
J9S	Aleafia Farms Inc.		Active	Full Time	GROW OPERATIONS	Port Perry Campus
J9S	Aleafia Farms Inc.		Active	Full Time	GROW OPERATIONS	Port Perry Campus
J9S	Aleafia Farms Inc.		Active	Full Time	GROW OPERATIONS	Port Perry Campus
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J9S	Aleafia Farms Inc.		Active	Full Time	GROW OPERATIONS	Port Perry Campus
J9S	Aleafia Farms Inc.		Active	Full Time	GROW OPERATIONS	Port Perry Campus
J9S	Aleafia Farms Inc.		Active	Full Time	Maintenance	Grimsby Campus
J9S	Aleafia Farms Inc.		Active	Full Time	Maintenance	Grimsby Campus
JLT	Aleafia Farms Inc.		Active	Full Time	GROW OPERATIONS	Port Perry Campus
JLT	Aleafia Farms Inc.		Active	Full Time	GROW OPERATIONS	Port Perry Campus
JLT	Aleafia Farms Inc.		Active	Full Time	QUALITY & REGULATORY AFFAIRS	Port Perry Campus
JLT	Aleafia Farms Inc.		Active	Full Time	QUALITY & REGULATORY AFFAIRS	Basaltic HQ
JLT	Aleafia Farms Inc.		Active	Full Time	MAINTENANCE	Port Perry Campus
JLT	Aleafia Farms Inc.		Active	Full Time	CAMPUS MANAGEMENT	Port Perry Campus
JLT	Aleafia Farms Inc.		Active	Full Time	MAINTENANCE	Port Perry Campus
JLX	Aleafia Inc.		Active	Full Time	Canabo Clinics	St. John's, NF
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Remote
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Remote
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Remote
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Remote
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Remote
JUT	Canabo Medical Corp.		Active	Full Time	Finance	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Co-op Student	Sales & Marketing	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Finance	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Finance	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Finance	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Finance	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Finance	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Logistics	Basaltic DC
JUT	Canabo Medical Corp.		Active	Full Time	QUALITY & REGULATORY AFFAIRS	Basaltic DC
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Remote
JUT	Canabo Medical Corp.		Active	Full Time	Finance	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Finance	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Information Technology	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Security	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Human Resources	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Remote
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Remote
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Remote
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JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Remote
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Remote
JUT	Canabo Medical Corp.		Active	Full Time	Sr Leadership Team	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Basaltic HQ

JUT	Canabo Medical Corp.		Active	Full Time	Campus Management	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Sales & Marketing	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Sr Leadership Team	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Human Resources	Paris Campus
JUT	Canabo Medical Corp.		Active	Full Time	Human Resources	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Finance	Basaltic HQ
JUT	Canabo Medical Corp.		Active	Full Time	Sr Leadership Team	Basaltic HQ

This is Exhibit "EE" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".



Commissioner for Taking Affidavits



Canadian Trademark Applications and Registrations


Entities:




- Aleafia Health Inc.
- Emblem Corp.
- Emblem Cannabis Corporation
- Emblem Realty Ltd.
- Growwise Health Limited
- Aleafia Farms Inc.
- Aleafia Inc.
- Canabo Medical Corporation
- Aleafia Brands Inc.
- Aleafia Retail Inc.
- 2672533 Ontario Inc.
- 2676063 Ontario Inc.



Date of Search: July 21, 2023


No	Mark	Details
Aleafia Health Inc.		
1	<p>ALEAFIA HEALTH SCIENCE SEEDING WELLNESS Design</p> 	<p>Reg No.: TMA1109543 Status: REGISTERED Reg. Date: 2021-09-15 Owner: Aleafia Health Inc.</p>
2	<p>N&N Design</p> 	<p>App No.: 2148922 Status: FORMALIZED Filing Date: 2021-11-22 Owner: Aleafia Health Inc.</p>


No	Mark	Details
3	NITH & GRAND	App No.: 2079596 Status: FORMALIZED Filing Date: 2021-01-25 Owner: Aleafia Health Inc.
4	Leaf Design 	Reg No.: TMA1109544 Status: REGISTERED Reg. Date: 2021-09-15 Owner: Aleafia Health Inc.
5	ALEAFIA	Reg No.: TMA1095537 Status: REGISTERED Reg. Date: 2021-03-11 Owner: Aleafia Health Inc.
6	ALEAFIA MEDICAL CANNABIS CARE Design 	Reg No.: TMA1095540 Status: REGISTERED Reg. Date: 2021-03-11 Owner: Aleafia Health Inc.
7	ALEAFIA MEDICAL CANNABIS CARE	Reg No.: TMA1095541 Status: REGISTERED Reg. Date: 2021-03-11 Owner: Aleafia Health Inc.




No	Mark	Details
8	ALEAFIA Design 	Reg No.: TMA1095539 Status: REGISTERED Reg. Date: 2021-03-11 Owner: Aleafia Health Inc.
9	A Design 	Reg No.: TMA1095538 Status: REGISTERED Reg. Date: 2021-03-11 Owner: Aleafia Health Inc.
10	NOON & NIGHT	App No.: 2081049 Status: FORMALIZED Filing Date: 2021-01-29 Owner: Aleafia Health Inc.
11	SUNDAY MARKET	App No.: 2079600 Status: FORMALIZED Filing Date: 2021-01-25 Owner: Aleafia Health Inc.
12	WELL & NESS	App No.: 1947909 Status: DEFAULT Filing Date: 2019-02-25 Owner: Aleafia Health Inc.

No	Mark	Details
13	ALEAFIA HEALTH Design 	Reg No.: TMA1109545 Status: REGISTERED Reg. Date: 2021-09-15 Owner: Aleafia Health Inc.
14	DIVVY	App No.: 2079598 Status: FORMALIZED Filing Date: 2021-01-25 Owner: Aleafia Health Inc.
15	Icon Design 	App No.: 1947908 Status: SEARCHED Filing Date: 2019-02-25 Owner: Aleafia Health Inc.
16	KESARA WELLNESS Design 	App No.: 1947907 Status: DEFAULT Filing Date: 2019-02-25 Owner: Aleafia Health Inc.

No	Mark	Details
17	FOLIEDGE ACADEMY Design 	App No.: 1947904 Status: DEFAULT Filing Date: 2019-02-25 Owner: Aleafia Health Inc.
18	DIVVY CANNABIS CO.	App No.: 2079599 Status: FORMALIZED Filing Date: 2021-01-25 Owner: Aleafia Health Inc.
19	BOGART'S KITCHEN	App No.: 2079597 Status: FORMALIZED Filing Date: 2021-01-25 Owner: Aleafia Health Inc.
20	WE GROW TOGETHER	App No.: 1962713 Status: FORMALIZED Filing Date: 2019-05-14 Owner: Aleafia Health Inc.
21	SCIENCE SEEDING WELLNESS	App No.: 1962712 Status: FORMALIZED Filing Date: 2019-05-14 Owner: Aleafia Health Inc.
22	W & N	App No.: 1947910 Status: DEFAULT Filing Date: 2019-02-25 Owner: Aleafia Health Inc.
23	Crest Design 	App No.: 1947905 Status: DEFAULT Filing Date: 2019-02-25 Owner: Aleafia Health Inc.

No	Mark	Details
24	NITH & GRIND	Reg No.: TMA1179414 Status: REGISTERED Reg. Date: 2023-05-10 Owner: Aleafia Health Inc.
25	ALEAFIA CAMPUS Design 	Reg No.: TMA1109542 Status: REGISTERED Reg. Date: 2021-09-15 Owner: Aleafia Health Inc.
26	ALEAFIA CAMPUS	Reg No.: TMA1109541 Status: REGISTERED Reg. Date: 2021-09-15 Owner: Aleafia Health Inc.
27	ALEAFIA HEALTH	Reg No.: TMA1109546 Status: REGISTERED Reg. Date: 2021-09-15 Owner: Aleafia Health Inc.
28	evers0	App No.: 1962492 Status: FORMALIZED Filing Date: 2019-05-13 Owner: Aleafia Health Inc.
29	KESARA WELLNESS	App No.: 1947906 Status: DEFAULT Filing Date: 2019-02-25 Owner: Aleafia Health Inc.
30	FOLIEDGE ACADEMY	App No.: 1947903 Status: DEFAULT Filing Date: 2019-02-25 Owner: Aleafia Health Inc.

No	Mark	Details
Emblem Cannabis Corporation		
31	PARADISE ISLAND	Reg No.: TMA1106635 Status: REGISTERED Reg. Date: 2021-08-11 Owner: Emblem Cannabis Corporation
32	REVL	App No.: 1947035 Status: DEFAULT Filing Date: 2019-02-20 Owner: Emblem Cannabis Corporation
33	ZEN'S GARDEN	App No.: 1908574 Status: DEFAULT Filing Date: 2018-07-10 Owner: Emblem Cannabis Corporation
34	THE EMBLEM LOGO 	Reg No.: TMA1094628 Status: REGISTERED Reg. Date: 2021-03-02 Owner: EMBLEM CANNABIS CORPORATION
35	EMBLEM	Reg No.: TMA972573 Status: REGISTERED Reg. Date: 2017-06-05 Owner: EMBLEM CANNABIS CORPORATION
36	SYMBL	App No.: 1898332 Status: DEFAULT Filing Date: 2018-05-09 Owner: Emblem Cannabis Corporation

No	Mark	Details
37	THE EMBLEM LOGO 	Reg No.: TMA969686 Status: REGISTERED Reg. Date: 2017-05-02 Owner: EMBLEM CANNABIS CORPORATION
38	symbi Logo 	App No.: 1932741 Status: DEFAULT Filing Date: 2018-11-27 Owner: Emblem Cannabis Corporation
39	EMBLEM & Design 	Reg No.: TMA1094629 Status: REGISTERED Reg. Date: 2021-03-02 Owner: EMBLEM CANNABIS CORPORATION
Growwise Health Limited		
40	GROW WISE	Reg No.: TMA993710 Status: REGISTERED Reg. Date: 2018-04-04 Owner: Growwise Health Limited

No	Mark	Details
Aleafia Inc.		
41	AHD VERTICAL Design 	App No.: 2023228 Status: FORMALIZED Filing Date: 2020-04-17 Owner: Aleafia Inc.
42	ASSUREHOME DELIVERY	App No.: 2023227 Status: FORMALIZED Filing Date: 2020-04-17 Owner: Aleafia Inc.
43	AHD LOGO 	App No.: 2023226 Status: FORMALIZED Filing Date: 2020-04-17 Owner: Aleafia Inc.
44	AHD HORIZONTAL Design 	App No.: 2023229 Status: FORMALIZED Filing Date: 2020-04-17 Owner: Aleafia Inc.

Canadian Copyright Applications and Registrations

Entities:

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Date of Search: July 21, 2023

Results: None

Canadian Patent Applications and Registrations

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Date of Search: July 21, 2023


Results: None




Foreign Trademark Applications and Registrations

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Date of Search: July 21, 2023

No	Mark	Details
Aleafia Health Inc.		
45	A ALEAFIA HEALTH SCIENCE SEEDING WELLNESS 	Jurisdiction: Australia Reg No.: 2010171 Status: REGISTERED Reg. Date: 2019-05-17 Owner: Aleafia Health Inc.
46	ALEAFIA HEALTH	Jurisdiction: Australia Reg No.: 2010170 Status: REGISTERED Reg. Date: 2019-05-17 Owner: Aleafia Health Inc.
47	everso	Jurisdiction: Australia Reg No.: 2009082 Status: REGISTERED Reg. Date: 2019-05-14 Owner: Aleafia Health Inc.
48	everso	Jurisdiction: Germany Reg No.: 302019011831 Status: REGISTERED Reg. Date: 2019-08-28 Owner: Aleafia Health Inc.

No	Mark	Details
49	ALEAFIA HEALTH	Jurisdiction: Germany Reg No.: 302019012527 Status: REGISTERED Reg. Date: 2019-10-24 Owner: Aleafia Health Inc.
50	Aleafia Health SCIENCE SEEDING WELLNESS 	Jurisdiction: Germany Reg No.: 302019012528 Status: REGISTERED Reg. Date: 2019-10-24 Owner: Aleafia Health Inc.
51	FOLIEDGE ACADEMY	Jurisdiction: Germany Reg No.: 302019019962 Status: REGISTERED Reg. Date: 2021-08-25 Owner: Aleafia Health Inc.
52		Jurisdiction: Germany Reg No.: 302019020063 Status: REGISTERED Reg. Date: 2021-08-09 Owner: Aleafia Health Inc.
53	FOLIEDGE ACADEMY 	Jurisdiction: Germany Reg No.: 302019020134 Status: REGISTERED Reg. Date: 2021-08-05 Owner: Aleafia Health Inc.

US Copyright Applications and Registrations

Entities:

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Date of Search: July 21, 2023

Results: None

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Date of Search: July 21, 2023

Results: None

This is Exhibit "FF" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits



Aleafia Health

**ALEAFIA HEALTH INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and twelve months ended March 31, 2023**

Dated June 13, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THREE AND TWELVE MONTHS ENDED MARCH 31, 2023

This Management's Discussion and Analysis ("MD&A") of Aleafia Health Inc. is dated June 13th 2023 and provides an analysis of the financial operating results for the three and twelve months ended March 31, 2023. Unless the context otherwise requires, "Aleafia Health" refers to Aleafia Health Inc. and the "Company" refers to Aleafia Health and its affiliates, subsidiaries and associated corporations. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the three and twelve months ended March 31, 2023 and notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for consolidated financial statements.

All amounts are in Canadian dollars unless otherwise specified. The MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" ("**NI 51-102**") of the Canadian Securities Administrators. This MD&A, the consolidated financial statements, and press release have been filed on SEDAR. Additional information is also available on the Company's website at www.AleafiaHealth.com. The common shares of the Company are traded on the Toronto Stock Exchange ("**TSX**") under the symbol "**AH**" and on the Over the Counter ("**OTCQB**") under the symbol "**ALEAF**". The Company also has warrants (AH.WT.B) and three classes of secured convertible debentures (AH.DB.A, AH.DB.B and AH.DB.C) which trade on the TSX.

COMPANY OVERVIEW

Aleafia Health Inc. is a publicly traded corporation incorporated under the laws of Ontario. Aleafia Health's head and registered office is currently located at 85 Basaltic Road, Concord, Ontario, and its corporate website is www.AleafiaHealth.com.

The Company is a federally licensed Canadian cannabis company offering cannabis products in Canada and destined for international markets, including Australia and Germany. The Company operates a virtual medical cannabis clinic staffed by physicians and nurse practitioners which provide health and wellness services across Canada.

The Company operates three licensed cannabis production facilities all in the province of Ontario, including the largest, outdoor cannabis cultivation facility in Canada. The Company produces a diverse portfolio of cannabis and cannabis derivative products including pre-roll, milled, dried flower, vapes, oils, capsules, edibles, sublingual strips, and topicals, for sale in Canada in the medical and adult-use markets, and in select international jurisdictions.

The common shares of the Company commenced trading on the symbol ("ALEAF").

SELECT FINANCIAL HIGHLIGHTS

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
Financial Highlights					
Branded Cannabis Net Revenue	7,173	8,047	36,622	31,567	36,768
Wholesale Net Revenue	2,216	(1,008)	6,225	4,489	6,354
Total Net Revenue ⁽¹⁾	9,389	7,039	42,847	36,056	43,122
Adjusted SG&A	4,533	7,282	17,575	32,264	41,174
% of total net revenue	48%	103%	41%	89%	95%
Adjusted EBITDA ⁽²⁾⁽³⁾	229	(4,412)	(180)	(18,936)	(22,010)
Adjusted EBITDA margin	2%	-63%	0%	-53%	-51%

1. See "Cautionary Statements Regarding Certain non-IFRS Measures" section for term definition.

2. See "Adjusted EBITDA" section for reconciliation to IFRS equivalent.

3. See "Revenue" section for reconciliation to IFRS equivalent.

Due to the change in the Company's fiscal year from December 31, 2021 to March 31, 2022, the prior fiscal year represents a 15 month period. Accordingly, the Company has added the 12 month ended March 31, 2022 as the comparative year for discussion purposes.

See the non-IFRS Measures section for further discussion on Adjusted SG&A and Adjusted EBITDA.

OVERALL PERFORMANCE

Corporate Strategy

The Company sells its products primarily through three core sales channels: adult-use, medical, and international. Together, the adult-use, medical and international sales channels are referred to as our branded cannabis product portfolio.

Prior to 2021, the bulk wholesale market was the primary sales channel for the Company where it sold bulk flower, oils, distillate, isolate and other cannabis input materials. With the launch of the Company's adult-use Sunday Market House of Brands in Q1 of 2021, and the improved potency and quality of the Company's outdoor harvest from Port Perry, it is now able to utilize that flower feedstock to support its own branded cannabis products. The Company utilizes its outdoor Port Perry cultivation to supply its pre-roll and milled product offerings and utilizes strategic third-party growers to supply its dried flower product offerings and blend with its own flower feedstock to support its pre-roll and milled product offerings. The Company tactically will sell through the bulk wholesale sales channel where it has excess product or product not suitable for its other sales channels, to maximize net realizable margin from its cultivation sites.

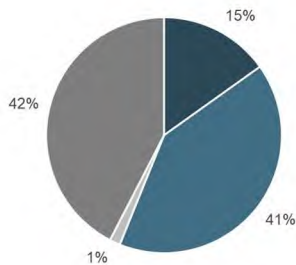
Within the branded cannabis products portfolio, the adult-use sales channel is the largest vertical. For the year ended March 31, 2023, the adult-use revenue increased +24% and net revenue increased 13% over the prior year. The main product categories include pre-roll, milled, dried flower, and vapes in addition to a suite of derivative products. These four product categories account for the largest percentage of total net revenue.

The medical sales channel represents a stable, but higher margin revenue stream, driven by the recurring ordering patterns of our active patient base, referrals from third-party clinics and demand from other medical marketplaces for our branded products. For the year ended March 31, 2023, the medical net revenue increased +7% over the prior year. The majority of sales are cannabis derivative products which generally deliver a higher margin than flower format products, and sales also include medical clinic related revenue. We continue to drive increased patient engagement to improve ordering frequency, basket size and lifetime revenue.

The international sales channel is our most recently added sales channel, highest margin revenue stream, and fastest scaling vertical. For the twelve months ended March 31, 2023, the international net revenue increased +318% over the prior year. We continue to seek out new international partnerships to build that sales pipeline. Most recently in January 2023, the Company signed a \$1.0 million sales opportunity with a new European partner. This strategic partnership unlocks a new gateway into the growing European medical and burgeoning legalized adult-use market. The international sales are a combination of bulk flower and oils and capsules which are exported into international jurisdictions, delivering the highest sales growth rate and net realizable margin per gram of equivalent flower sold. Germany represents our largest international end-market, and with continued progression towards full legalization of recreational cannabis and two sales commitments representing \$5.6 million in total sales, this is anticipated to continue to be the largest international sales channel.

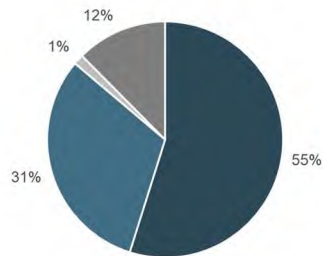
The below charts illustrate the transformation in the business over the last three years, whereby the Company developed, built, and launched its own branded cannabis products to compete in the adult-use sales channel, established international partnerships and customers, and deepened its presence in the Canadian medical market. The international sales channel has expanded from representing 1% of total net revenue in the twelve months ended March 31, 2021, to now representing 5% in the twelve months ended March 31, 2023, and the Company's entire total branded product sales expanded from representing 58% in the twelve months ended March 31, 2021, to 85% in the twelve months ended March 31, 2023. Within the adult-use sales channel, the Company further diversified its revenue base by expanding into a new province, Manitoba, in fiscal year 2023.

12 Months Ended March 31, 2021
Net Revenue



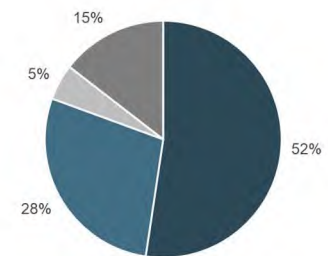
■ Adult-Use ■ Medical ■ International ■ Wholesale

12 Months Ended March 31, 2022
Net Revenue



■ Adult-Use ■ Medical ■ International ■ Wholesale

12 Months Ended March 31, 2023
Net Revenue



■ Adult-Use ■ Medical ■ International ■ Wholesale

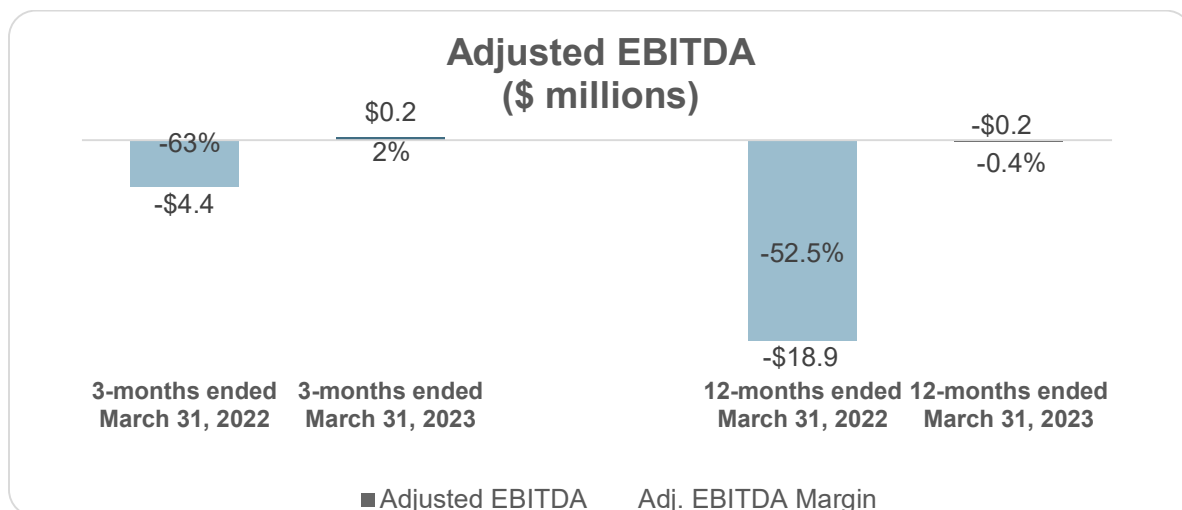
STRATEGIC OBJECTIVES

The Company established four key long-term strategic objectives in 2022:

1. Adjusted EBITDA⁽²⁾ profitability

The Company disclosed guidance in February 2022, anticipating reaching breakeven Adjusted EBITDA profitability by the quarter ended March 31, 2023. The Company attained that goal two quarters earlier than anticipated, achieving breakeven Adjusted EBITDA profitability in the quarter ended September 30, 2022.

In the quarter ended March 31, 2023, the Company delivered Adjusted EBITDA of \$0.2 million, an increase of \$4.6 million over the prior year. This third consecutive quarter of Adjusted EBITDA profitability was primarily due to the \$1.3 million bulk wholesale gross profit before fair value adjustments which represents two bulk wholesale customers. These input materials sold exceeded the Company's near-term supply requirements for its own branded cannabis products and accordingly had previously taken a \$1.1 million inventory provision. After completing these sales transactions, the Company has no further obligation or commitment to these two customers. As the sales transactions with these two customers fulfilled two separate product-in-kind obligations, no cash was received. On a go forward basis, the Company anticipates continuing opportunistically entering into bulk wholesale transactions with cash paying Canadian LP customers.



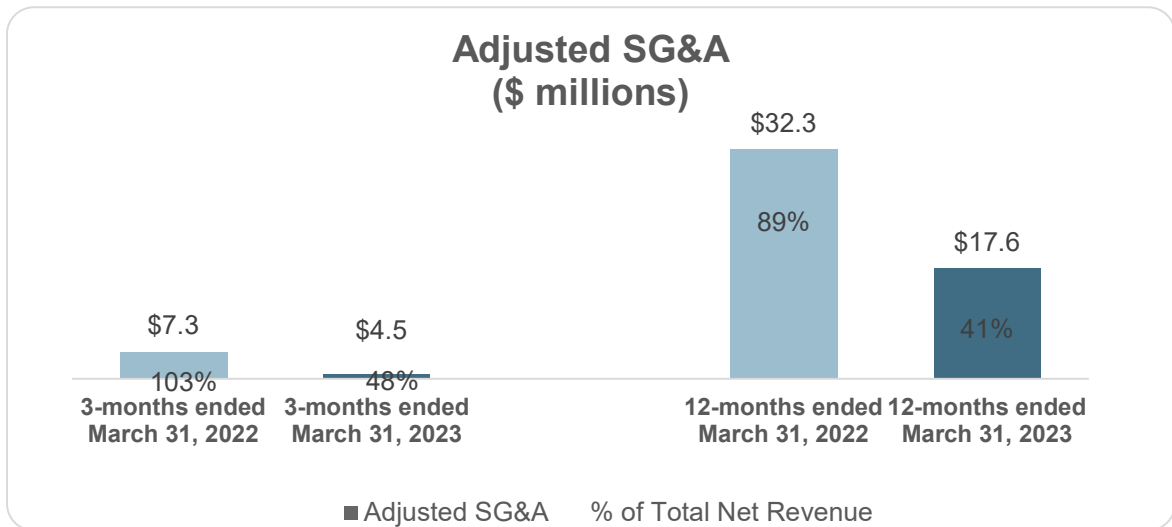
Concurrently with the Company scaling each of its branded cannabis sales channels¹, it is focused on cost of sales optimization, and selling, general & administrative expense containment and strategic rationalizations to continue to improve its Adjusted EBITDA profitability profile. The Company is focused on long-term, sustained, positive cash flow generation in-line with other consumer product goods sectors.

The Company is growing its Adjusted EBITDA profitability by focusing on:

1. Growing sales volumes and capturing market share in pre-roll, milled, flower, concentrate (including infused pre-roll and hash), and vape product sub-categories through new innovative product offerings which deepen penetration in its existing five provincial markets;
2. Building relationships to drive expansion of the adult-use sales channel into other provinces;
3. Migrating its adult-use consumer base from entry level “starter” formats to large size product formats which deliver higher gross profit dollars and margin to the Company;
4. Improving patient engagement to drive higher order frequency, basket size and lifetime revenue in the medical channel;
5. Expanding its newest, and fastest growing sales channel, the international vertical, which delivers the highest net realizable margin per gram of equivalent flower sold;
6. Increasing its gross profit margin profile by driving further operational efficiency in its manufacturing and processing through automation; and
7. Identifying, reducing and containing selling, general and administrative expenses which the Company has found is a key strength in a highly competitive market.

Over the last eight quarters, the Company has decreased Adjusted SG&A⁽¹⁾ by 45% to \$4.5 million in the quarter ended March 31, 2023 as compared to the same period two years ago. Over this same timeframe, the Company has driven robust 22% growth in total net revenue.

¹ This is a Supplementary Measure. Please see page 41 for its composition.
 (1) See ‘Cautionary Statements Regarding Certain non-IFRS Measures’ section



In September 2021, the Company completed a holistic review of its operations, shared services and organizational structure and evaluated total SG&A savings, which totalled over \$16 million on an annualized basis, including:

- the reduction of its workforce by 48% representing \$13 million;
- the reduction in the use of external consultants, legal counsel and external advisors representing \$2.0 million; and
- the wind down of leased spaces to consolidate operations representing \$0.5 million.

In November 2021 the Company completed a portfolio optimization to further improve adult-use profit margins. This aligned our portfolio with the best-selling products formats that deliver the strongest gross profit margins and executed moderate strategic price increases.

In February 2022, the Company provided an update on its cost rationalization strategy. The Company methodically reviewed its cost structure and optimized its talent and resources towards the sales channels which delivered the highest net realizable margin per gram of flower sold – its branded cannabis products.

In April 2022, the Company provided a corporate update on its ongoing cost containment initiatives, including identifying \$4.4 million in annualized cost savings to be completed within the quarter. The Company realigned its medical business, integrated its virtual, physical and third-party clinic platform to further improve its general and administrative and wages and benefits cost profile while improving the patient experience through a more cohesive and consistent approach to managing patient interactions. Moreover, the Company overhauled its Grimsby, Ontario hybrid greenhouse and drove operational efficiencies and remapped its processes to allow its cultivation organization to expand throughput of high THC potency flower (“**Usable Flower**”). The Company assessed procurement practices, resulting in a consolidation of certain vendors leading to cost efficiencies.

In July 2022, the Company enacted a vendor consolidation initiative, to extract economies of scale by aggregating procurement across its four facilities into key trusted vendors. This initiative identified and enacted agreements which represent an annualized cost of sales savings of \$2.3 million.

In September 2022, the Company extracted further savings among its third-party copackers based on increased purchase volumes which on an annualized basis represented annualized cost of sales savings of \$1.8 million.

In October 2022, the Company identified efficiencies in its information technology, legal and finance functions which represented over \$1.5 million in annualized SG&A savings. The primary cost savings related to a further 5% reduction in the Company's headcount. The Company extracted savings from third-parties by focusing on service providers that are appropriate for the Company's size & scale and provide offerings best suited for our industry and growth strategy.

In November 2022, the Company enacted further cost savings initiatives around its flower supply, by initiating the winddown of its Grimsby greenhouse which represents an annualized net cost savings of approximately \$4.1 million which will further improve go forward profitability. This cultivation facility was historically the primary supplier of usable flower for the dried flower category in the Divvy brand. Over the course of calendar year 2022, the Company was able to secure high-quality dried flower from multiple trusted third-party growers at attractive prices which allows the Company to grow its dried flower sales and achieve an improved margin profile in its adult-use sales channel. Additionally, with continued improvement in grow practices the Company will be utilizing the harvest from the outdoor Port Perry cultivation facility to support the continued growth of its leading pre-roll and milled product categories. The Company is focused on continuing to build its loyal consumer base of its everyday value brand, Divvy, by supplying its consumers with innovative sought-after cultivation strains from the best sources of flower supply, whether that be internally grown or procured from other third-party growers.

In January 2023, the Company completed a review of its adult-use brand and SKU portfolio as a part of its normal course annual review of product life cycles. Based on its review of the market size, consumption patterns, behaviours and evolving trends, the Company concluded that approximately 1/3 of the in-market adult-use SKUs were designated for delisting and two of its brands under its Sunday Market House of Brands would be rationalized: Bogart's Kitchen (edibles), and Nith & Grand (craft flower). This was estimated to result in an approximate \$0.9 million in annualized net savings to the Company.

In February 2023, the Company completed the ramp-up of its first automated flower packaging machine. The machine is anticipated to result in operational efficiencies, accuracy, consistency, and improved overhead absorption. The machine is anticipated to result in approximately \$0.5 million in annualized cost savings and unlock further flower packaging throughput potential.

In March 2023, the Company completed the winddown of its Grimsby greenhouse with only maintenance and security personnel stationed at the facility until its eventual sale. It also negotiated another significant price reduction with its third-party copackers representing \$0.5 million in annualized cost savings. It completed a holistic review of its ongoing IT requirements and identified redundancies which could be eliminated in its corporate operating platform and its key seed-to-sale platform representing \$0.2 million in annualized cost savings. Further, the Company has reduced its active headcount from 162 as of December 31, 2022 to 158 as at March 31, 2023 representing \$0.3 million in annualized cost savings.

The Company believes it has the organizational infrastructure, including a core corporate shared services and distribution relationships to facilitate the continued growth in its branded cannabis net revenue to create further operating leverage and drive improved Adjusted EBITDA profitability in fiscal year 2024.²

² This is forward looking information. Please see cautionary statement on page 40.

2. Increasing Market Share Position in Canadian Adult-Use Market

The Company launched its Sunday Market House of Brands in Q1 of 2021, anchored around Divvy, the everyday brand focused on delivering an exceptional value proposition to consumers. Divvy is consistently a top searched brand on OCS.ca. The Company's product portfolio and SKU listings are focused on the largest adult-use categories: pre-roll, milled, flower, and vapes and represent the majority of the Company's adult-use sales. The Company sells into five provinces with Ontario and Alberta representing its two largest customers. This sales channel represented 82% of Q4 fiscal year 2023 total net revenue.

Brands & Products: The other four supporting brands under the adult-use portfolio, Bogart's Kitchen, Kin Slips, and Noon & Night, are niche brands targeted at specific consumer segments in the market and span from value to premium craft. Over 45 new SKUs launched in fiscal year 2023, including: large format flower (28g) in Divvy cropped products, new Divvy cultivars, Divvy large format pre-roll line extensions, 8 new Divvy vape cartridges, first-to-market Nitecaps under Noon & Night, a third hot sauce as well as THC-infused maple syrup under Bogart's Kitchen. The Company has over 170 provincial listings of its SKUs in the adult-use portfolio, including a full suite of pre-roll, milled, dried flower, vape and cannabis derivative products. The Company has expanded into the concentrate category with the launch of hash products in May 2023 and infused pre-rolls in June 2023. The company has an additional 15 SKUs in the same categories accepted by various provincial boards, set to launch as early as Q1 fiscal year 2024, with additional submissions being evaluated.

Geographic Markets: The adult-use sales channel in Canada is now the Company's largest sales channel based on total net revenue, with distribution agreements and entrenched relationships in five provinces – Ontario, Alberta, British Columbia, Saskatchewan, and Manitoba – representing an estimated 71% of the Canadian population. Manitoba is the most recent province that the Company entered in late November 2022. The Company is actively reviewing opportunities to expand into other Canadian provinces and territories in fiscal year 2024. Any expansion into new geographies is anticipated to be a favourable tailwind for the adult-use sales channel to drive further sales velocity and improved revenue diversification.

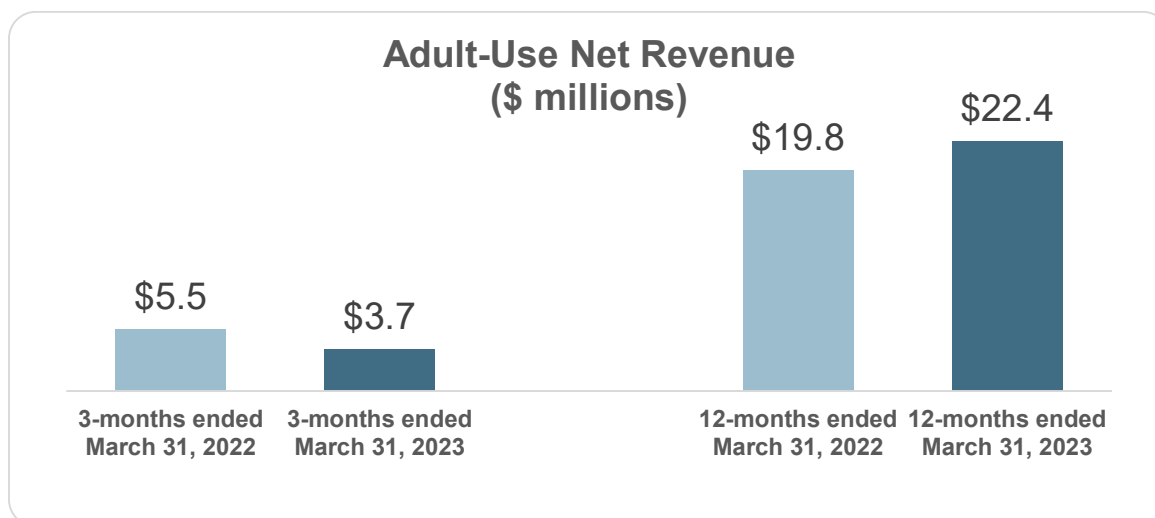
Go-to-Market Approach: The Company markets its products through its internal salesforce and is focused on gaining market share through the continued launch of innovative products in the largest product categories, mainly pre-roll, milled, whole flower, and vapes. The Company's internal sales and marketing team can respond to market trends in a dynamic and rapid fashion to drive sales velocity of its unique cannabis portfolio. The Company is focused on deepening its penetration in its existing core provincial markets, along with expanding into select other provincial markets. The Company believes its internal sales and marketing teams, is a key competitive advantage allowing the Company to respond to and drive key changes in the Canadian adult-use marketplace.

Market Share Capture: The Company has driven the second largest change in market share rankings among the top 15 Canadian Licensed Producers from Q1 2021 #26th, when the Company launched its new adult-use brand portfolio, to Q3 fiscal year 2023 #15th according to data from HiFyre based on the products and four provinces (Ontario, Alberta, British Columbia, and Saskatchewan) Aleafia operated in throughout the most recently completed fiscal period ended March 31, 2023. In November 2022 the Company launched successfully into Manitoba, its fifth provincial territory, and the Company continues to target a top 10 Canadian LP standing, as measured by retail sales pull-through, in each of its markets⁵.

The Company Increased revenue by 24% to \$36.1 million for the total fiscal year 2023 versus \$29.1 million in the prior year. Net revenue improved 13% to \$22.4 million compared to \$19.8 million. While overall top-line growth is important for the Company, simultaneously, the Company is focused

on profitable growth and actively seeks out more profitable product formats, categories and SKUs in favour of higher volume, lower margin SKUs.

During the quarter ended March 31, 2023, the Company saw its whole flower sales decline to its lowest level seen in fiscal year 2023. We believe this was primarily due to: customary yearly seasonality seen in the cannabis retail environment at the turn of every calendar year which typically declines by approximately 10% to 15%; overall price compression in the market due to elevated levels of competition particularly in the largest product format (whole dried flower); and the effects of repeated and prolonged product out-of-stocks in the summer and fall of calendar year 2022 due to the Company’s demand for its whole flower products outstripping the supply of the Company’s Grimsby greenhouse cultivation facility. Consumer demand for the Company’s flower products far exceeded the cultivation supply capacity of its Grimsby greenhouse through most of calendar year 2022. The Company has now mitigated this issue by sourcing usable, high-THC flower from a variety of trusted, strategic third-party growers.



3. Leadership in Medical

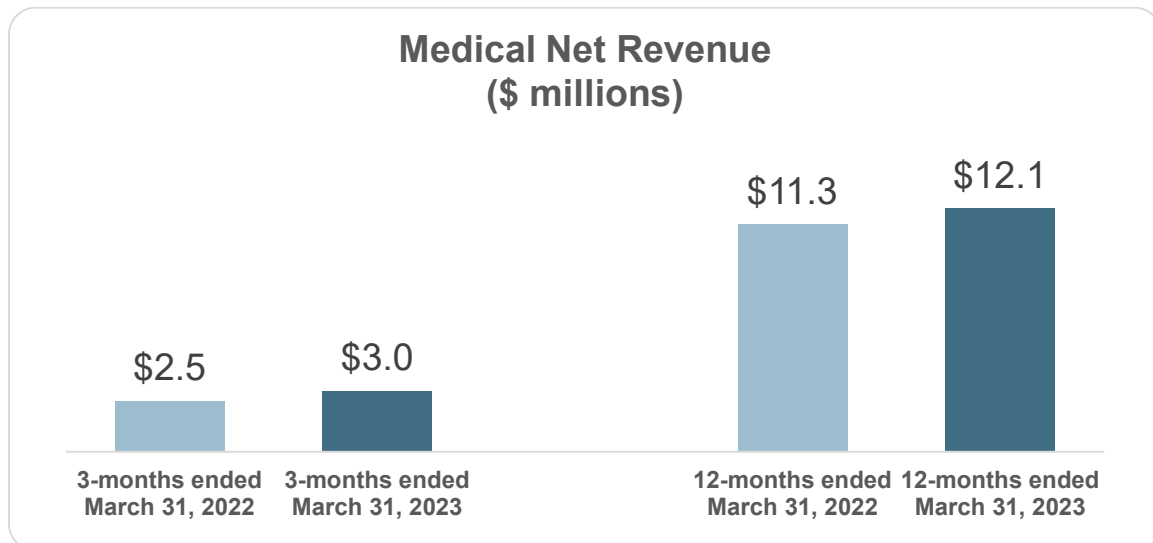
The medical sales channel in Canada is core to the Company and supported by our medical ecosystem, offering the ability for new patients to be onboarded, consulted, prescribed, and delivered medical cannabis products. Containing approximately 20,000 active patients with stable ordering patterns, this sales channel has a high level of recurring revenue. The medical sales channel includes revenue from: the sale of medical cannabis in the Canadian markets, clinic fees, and research revenue, and represented 32% of Q4 fiscal year 2023 total net revenue.

Go-to-Market Approach: The Company’s direct-to-patient medical business receives patient referrals from its owned clinic Canabo Medical Clinics® (“**Canabo**”) and several third-party clinics nationwide. Canabo operations are predominantly virtual, helping patients access treatment services in a convenient and cost-effective setting. Canabo has one long standing physical clinic in St. John’s, Newfoundland. We deliver products direct-to-patient the same day they are ordered in the Greater Toronto Area, Canada’s most populous region. In addition to the direct-to-patient model, the company sells branded medical cannabis products to other Canadian medical sales license holders.

Product Portfolio: The Emblem brand is used exclusively in the Company’s medical sales channel. The Company also offers certain other products from its Sunday Market House of Brands and resells other products procured from third-parties to its medical patients. The majority of sales in the medical sales channel are of cannabis derivative products, including oils, capsules and vapes.

Growth Initiatives: The Company made strategic investments in email platforms to enhance the patient experience, resulting in a significant increase in email engagement and a reduction in overall marketing costs. The Company also implemented new targeted email marketing campaigns to increase brand loyalty, improve the patient experience through education, and drive sales growth. In addition, the Company continues to enhance its support and product offerings for Veteran patients. This includes the launch of new flower SKUs, edibles and specialized “white-glove” service.

The Company increased net revenue in the medical channel sales channel by 19% to \$3.0 million in Q4 fiscal year 2023 versus \$2.5 million in the prior year. This increase was primarily driven by continued penetration into the Quebec market and higher sales to veteran patients. Additionally, it benefited from an improved patient journey following the Company’s integration of its physical clinics, virtual clinics, and third-party clinic platform completed in April 2022. The Company has driven this growth by increasing its market share in a flat to declining overall medical market. Continued penetration into the Quebec market and higher sales to veteran patients. Additionally, it benefited from an improved patient journey following the Company’s integration of its physical clinics, virtual clinics, and third-party clinic platform completed in April 2022. The Company has driven this growth by increasing its market share in a flat to declining overall medical market.



4. Well-Positioned for International Growth

One of the Company’s fiscal year 2023 objectives was to expand its international sales channels. In parallel to serving the Canadian medical market, the Company is well-positioned to benefit from the expansion of the global medical cannabis market and the continued legalization of global recreational markets. The Company has identified \$5.6 million in sales opportunities, with more

demand for its products in international markets than current supply. This sales channel represented 5% of total net revenue for fiscal year 2023 compared to 1% in fiscal year 2022.

Strategic Focus: The Company is focused on expanding its international sales as it sees the opportunity to supply flower and cannabis derivative products in bulk-form to select international medical markets. Given the high regulatory and other barriers to entry of supplying these international jurisdictions, the Company enjoys an early mover advantage. The Company further sees expanding its international medical sales as a potential foothold should cannabis be legalized recreationally in the same international jurisdictions. The sales agreements for international sales typically are longer in duration than the Canadian medical or adult-use channels, with guaranteed minimum purchase commitments and no required Canadian excise duties. Moreover, they typically deliver the highest net realizable margins per gram of flower equivalent sold than the other sales channels.

Select Key International Markets: The Company's products have been successfully exported into key global markets including Germany, the UK and Australia. The Company continues to engage in discussions to deepen its penetration in these markets and selectively expand into other jurisdictions where it could also enjoy an early mover advantage. The Company is actively pursuing increased penetration into the European market where the addressable market is multiples larger than the Canadian market.

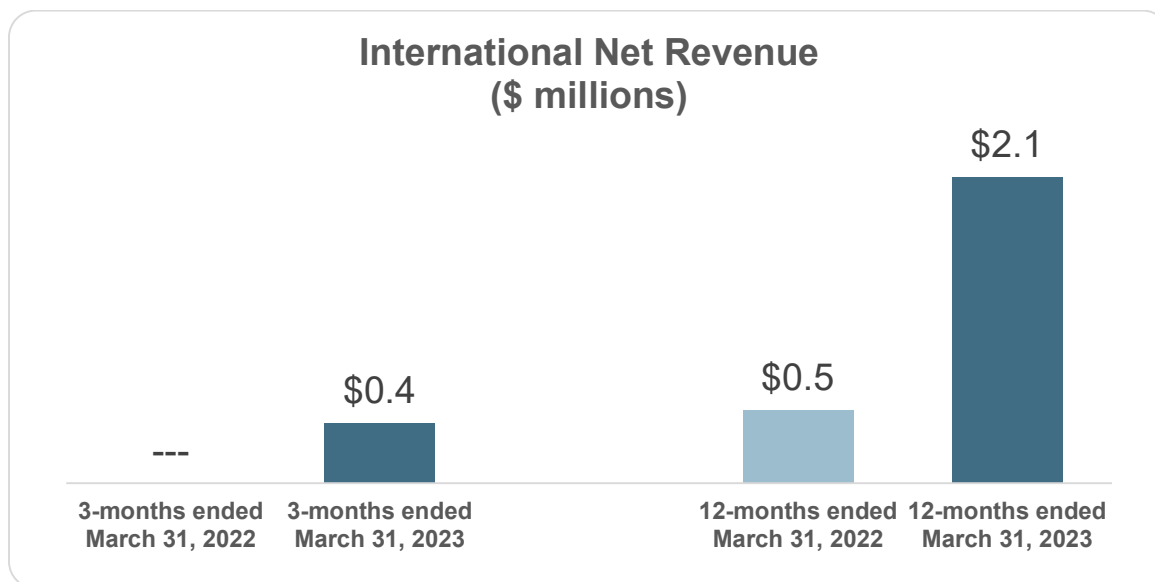
Recent Agreements: In July 2022, the Company secured an estimated \$4.6 million³ international sales agreement to supply bulk flower into the European market. It is a two-year agreement, with a minimum annual sales commitment estimated at \$2.0 million⁴ per year based on a variable price per gram of flower. The Company successfully shipped product under this agreement in the quarter ended December 31, 2022 which is destined for Germany. Additionally, in January 2023, the Company secured an additional international sales order for approximately \$1.0 million⁵ in annual sales with a new European based strategic partner. This expands the Company's international sales and improves access into the existing European medical market and burgeoning legalized adult-use markets.

International net revenue was \$0.4 million in the Q4 fiscal year 2023, compared to nil in the prior year. The Company is looking to further develop this channel with an active pipeline of opportunities for fiscal year 2024.

³ This is forward looking information. Please see cautionary statement on forward looking information.

⁴ This is forward looking information. Please see cautionary statement on forward looking information.

⁵ This is forward looking information. Please see cautionary statement on forward looking information.



OUTLOOK

The Company's overall objectives for fiscal year 2023 built upon the successes it recognized during fiscal year 2022. During fiscal year 2023, the Company focused on growth as a branded cannabis producer in the Canadian adult-use and medical markets, while continuing to advance the Company's international expansion efforts; rationalizing its cost structure to drive profitability; and building its capacity to sustainably deliver Usable Flower through its own outdoor cultivation facility as well as its ecosystem of trusted, strategic, third-party growers. The Company's overall objectives for fiscal year 2023 were as follows⁶:

- Total net revenue of between \$44.0 million and \$46.0 million;
- Develop a pathway and momentum towards attaining top 10 market share positions in each of its provincial Canadian adult-use markets based on retail sales pull through;
- Maintaining a leadership position in the medical market;
- Achieving Gross Profit Margins before Fair Value Adjustments of between 32% and 38%;
- Adjusted SG&A of between \$17.2 and \$18.0 million; and
- Adjusted EBITDA of between -\$0.5 million and \$0.5 million.

The Company generated \$42.8 million of total net revenue, representing 3% less than the low end of the targeted guidance. The Company believes this difference is primarily related to the Company's liquidity constraints, challenges in making timely payments to high priority vendors, the increasingly competitive market environment, and unforeseen external factors including the cybersecurity attack on the Ontario

⁶ The foregoing projections are Forward Looking Information. Please see the cautionary statement on page 40.

Cannabis Store, a labour strike in British Columbia, and a lack of usable high-THC flower due to the Grimsby greenhouse supply behind outstripped by demand.

The Company significantly increased its presence and deepened consumer awareness of its branded products, increasing its average market share ranking from #15 in fiscal year 2022 to #13 in fiscal year 2023.

The Company has maintained a leadership position in the Canadian medical market, and increased its net revenue by 7% to \$12.1 million in the 12 months ended March 31, 2023, as compared to \$11.3 million in the 12 months ended March 31, 2022.

The Company generated 33% in gross profit margin before fair value adjustments, in-line with its targets for fiscal year 2023.

The Company achieved Adjusted SG&A of \$17.5 million in fiscal year 2023 compared to \$31.3 million in the prior year.

The Company achieved total Adjusted EBITDA of -\$0.2 million in fiscal year 2023. This is well ahead of the initial guidance provided in February 2022 of achieving a range of between -\$7.5 million and -\$2.5 million. The Company believes this is an incredible milestone given the competitive market conditions in the Canadian cannabis industry, the Company's capital constraints, and the Company's transformation from being a bulk wholesale producer to a branded cannabis producer supplying into three core sales channels: adult-use, medical, and international. The Company remains focused on bringing innovative and differentiated cannabis products to Canadian consumers that deliver on the commitment of offering high quality cannabis wellness products at competitive prices. While all objectives are important to the Company, ultimately the Company is focused on driving sustainable, long-term profitability as its primary objective.

Due to the Company's ongoing liquidity risk and lack of sufficient capital resources for the next twelve months, and the ongoing challenges to maintain payments such that our accounts were in good standing with high priority vendor relationships, the Company has not initiated any guidance for fiscal year 2024.

Adult-Use Brand Portfolio

Divvy is the Company's main adult-use brand. It represents the vast majority of the Company's sales in the adult-use sales channel. In addition to Divvy, there are four other supporting brands serving distinct segments of the adult-use market.

Adult-Use			Medical
<p>DIVVY.</p> <ul style="list-style-type: none"> • High frequency consumers, large format • Pre-rolls, dried flower, vapes, oils, and cropped flower 	<p>NOON & NIGHT</p> <ul style="list-style-type: none"> • CBD-forward portfolio, with Omega CBD soft gels, bath bombs, roller-ball topicals 	<p> KIN SLIPS</p> <ul style="list-style-type: none"> • Broad appeal sublingual strips • Three SKUs featuring different THC/CBD/CBN and terpene profiles 	<p> Emblem</p> <ul style="list-style-type: none"> • Oils, dried flower, capsules, sprays, 510 vape cartridges, sublingual strips 

DIVVY.

Divvy Cannabis brings frequent cannabis users good quality products at value-oriented price-points. With flower harvested from our hybrid greenhouse and outdoor operations, Divvy flower products include whole flower, milled flower, pre-rolls, vapes and oils.

NOON & NIGHT

Noon & Night is a CBD-forward line of familiar wellness products. Noon & Night is highly differentiated, filling a gap in the cannabis brand landscape with its exclusive focus on wellness-conscious consumers.



Kin Slips are cannabis-infused sublingual strips, an edible alternative that are discreet, precise, and provide rapid onset. Kin Slips are formulated with peppermint oil to deliver a fresh minty sensation. They are vegan, sugar-free, contain only natural ingredients, and come in roughly the size of a postage stamp.

Medical Brand Portfolio

The Company serves the Canadian medical cannabis market with the Emblem brand. It also opportunistically offers select products from its Sunday Market House of Brands and other limited time promotional products to its medical patients to better serve their needs.



From our team of growers to our client care team, each member of the Company's team works toward giving patients the best medical cannabis experience. Emblem is the heart of Aleafia Health's unique medical cannabis ecosystem, as a trusted brand and secure ecommerce marketplace with a reputation for product excellence.

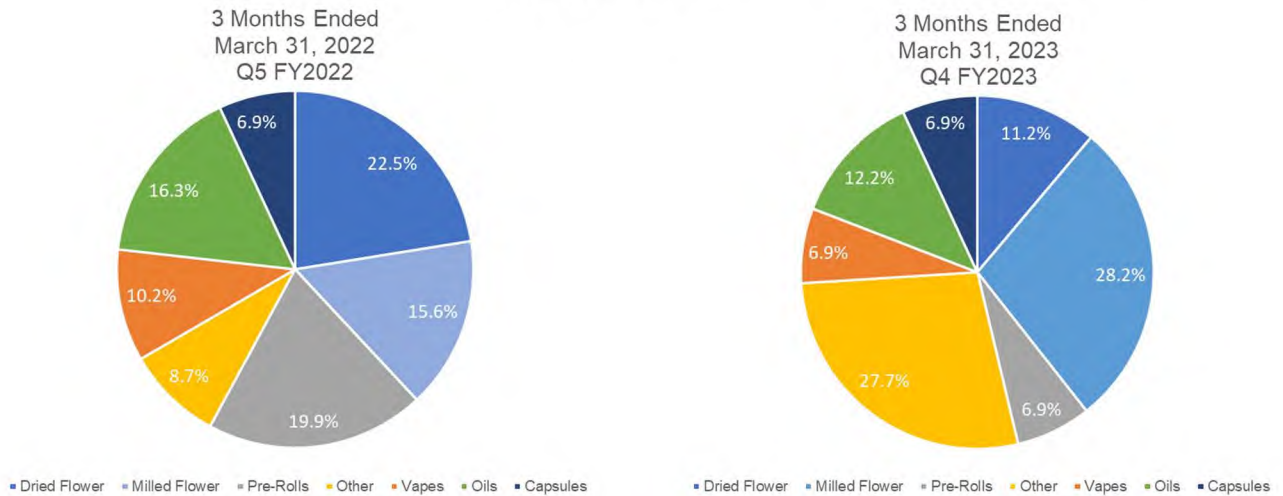


1. PRODUCT PORTFOLIO

The Company currently produces a diverse portfolio of cannabis products which it sells into the provincial adult-use sales channels, to medical cannabis patients, to other Licensed Producers, and internationally to the Germany and Australia medical-use markets. The Company continued its strategic expansion of its product portfolio, as outlined below. The Company aims to utilize its diverse craft indoor and outdoor cultivation in high margin, unique product formats tailored to the various need-states of cannabis consumers and patients.

With the improvement in Usable Flower from its Port Perry outdoor facility, the proportion of sales generated by pre-roll and milled products has now reached 35% in the most recent quarter ended March 31, 2023.

Total Branded Net Revenue by Product Format



Note: Other includes sublingual strips, edibles, and topicals

a) Pre-rolls

The Company utilizes flower from its Port Perry outdoor cultivation facility to supply its pre-roll offering, which represents the second largest product category in the Canadian cannabis market, according to data from HiFyre. The 2022 Port Perry harvest delivered a new record with respect to high THC potency usable flower supply, which when combined with the strategic outsourcing of pre-roll manufacturing, allows Aleafia Health to deliver significantly improved product availability, and new larger format SKUs including a 12-pack of 0.35 gram pre-rolls in a recognizable, reusable package. In Q1 FY2023, the Company launched a 7-pack of 1-gram pre-rolls in the Alberta and Ontario markets (May 2022 and June 2022, respectively) which were well-received by consumers. Further pre-roll formats launched in Spring 2023, including 12-packs and 56-packs of traditional 0.5 gram pre-rolls, and the Company is scheduled to launch into the fast growing infused pre-roll market later in Q1 FY2024.

b) Milled (Cropped)

Driven by the expansion of its Port Perry outdoor cultivation facility and relentless focus on high-quality usable flower, the Company has launched and seen tremendous success in its pre-ground milled offering. Having launched in Q3 2021, the milled products under the Divvy brand have quickly gained market share, reaching a peak #2 market share ranking for fiscal year 2023 in Ontario, the largest provincial market in Canada. Building upon the success of the initial two SKUs, both Alberta and Ontario have picked up the product in larger formats as well as a CBD offering.

c) Dried Flower

The Company has undertaken an expansion of its dried flower offering, which is the largest product category in the Canadian cannabis market, according to data from HiFyre. Driven by the continued ramp-up of procurement from third-party growers, the Company is able to deliver greater product availability, and new larger format stock-keeping-units ("SKU") including 7, 14, and 28-gram flower pouches. Sales of these products and other new dried flower SKUs commenced during Q2 & Q3 2022, under the Divvy brand.

d) Vapes

The Company's vape portfolio is inspired by a robust portfolio of cultivars. The custom-made, unique terpene blends in Divvy vapes deliver robust flavours and consistent effects. Additional Divvy SKUs,

including new THC-dominant flavour profiles, a CBD dominant full-spectrum, and a balanced THC: CBD vape have been listed in multiple markets. New bold flavour profiles are entering the market this Spring, and the Divvy Puff 'n Pass SKU, a 1 gram 510 thread vape cartridge, launched in January 2023, provides a platform for a rotation of new, exciting flavours.

e) **Oils**

Cannabis oil products remain a core product category for wellness-oriented medical patients and adult-use consumers. Line extensions include the innovative Omega CBD Soft Gels which feature full-spectrum, single strain CBD extract, and is one of the first Canadian cannabis products to be suspended in fish oil containing omega-3.

f) **Sublingual Strips**

Kin Slips, cannabis-infused sublingual strips, typically offer a fast onset time relative to other non-combustible cannabis products. Placed under the tongue, the active ingredients enter the bloodstream through the sublingual gland, delivering a typical onset time of 10 to 15 minutes. Kin Slips are classified as ingestible extracts, and can therefore contain up to 1000 milligrams of THC per package, as opposed to traditional cannabis edible products which are restricted to 10 milligrams of THC per package.

g) **Edibles**

The Company launches highly artisan and seasonal edible products which complement its product portfolio anchored around pre-roll, milled, flower and vape formats. During Q1 2021, the Company released its first cannabis edible product, soft chews, with two THC and one CBD-dominant offering. The Company followed that up with Salted Caramel Pretzel Bites, Cluster Pucks as well as an infused hot sauce with well-known Canadian hot sauce maker Heartbeat Hot Sauce, all launched under the Bogart's Kitchen edibles brand. The brand currently contains the collaboration hot sauces and launched a THC-infused Maple Syrup product in Winter 2022, just in time for the holiday season.

h) **Bath & Body**

The Noon & Night brand launches bath & body products focused on the wellness space. During Q2 2021, the Company launched Lavender Fizz CBD bath bombs along with the Freshly Minted Roll-on. The peppermint-scented roll-on is designed to provide a soothing, aromatic experience through local application on the hairline, neck, forehead and shoulders. The brand also began offering CBD-Omega soft gels in Q2 2021.

KEY DEVELOPMENTS

Amendment to Convertible Debentures

The Convertible Debentures amendments became effective on June 28, 2022. The amendments entailed the exchange of the Convertible Debentures for new convertible debentures (the "**New Convertible Debentures**") issued in three equal, separate tranches, maturing in 2, 4 and 6 years from the date of issuance (the "**2024 Debentures**", "**2026 Debentures**", and "**2028 Debentures**", respectively). The interest rate remained at 8.5%, but the New Convertible Debentures have no mandatory cash interest payment for 24 months as interest will initially be paid-in-kind ("**PIK**") with additional New Convertible Debentures (the "**PIK Debentures**"), reducing near-term debt servicing requirements. The conversion price was reduced to \$0.25 for the 2024 Debentures, \$0.30 for the 2026 Debentures, and \$0.35 for the 2028 Debentures. The New Convertible Debentures were granted security against certain assets of the Company but are fully subordinated to the Company's existing senior secured debt. The Company is precluded from incurring further senior secured indebtedness, subject to certain exceptions including to fund working capital, capital expenditures, and strategically accretive acquisitions. Debenture holders who approved the Debenture Amendments received a fee (the "**Consent Fee**") calculated as the amount of accrued interest on the

existing Convertible Debentures between July 1, 2021 and the effective date of the Debenture Amendments, payable in additional 2028 Debentures at par. Effective as of October 31, 2022, the New Convertible Debentures were listed on the TSX.

See Subsequent Events section for proposed amendments.

\$5.6 Million Equity Financing

On June 24, 2022, the Company closed a private placement of 68,151,515 units issued at a price of \$0.0825 each (the “**Issue Price**”). Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. A warrant is exercisable into one common share at an exercise price of \$0.1025 for a period of four years from the date of issuance. The expiry date of the warrants can be accelerated by the Company at any time and upon 30 days’ notice, if the closing price of the common shares on the Toronto Stock Exchange (the “**TSX**”) is greater than \$0.165 for any 10 consecutive trading days following the date that is 4 months and one day after the date of issuance and prior to the expiry date of the Warrants. The net proceeds from the Private Placement will be used to fund working capital and capital expenditures for the Company’s continued growth, and other general corporate purposes. A finder’s fee of 3,407,500 common shares was paid to a finder (the “**Finder’s Shares**”) in connection with the Private Placement.

Amendment to August 2021 Credit Facility

On June 23, 2022, the Company made its second amendment to its August 2021 Credit Facility, whereby amongst other things it agreed to prepay an amount equal to \$622,500 as a prepayment of interest under the loan agreement in respect of the period beginning June 24, 2022 and ending June 24, 2023. In addition, the Company agreed to grant to the lender a general security interest from the Company in favour of the Lender.

\$4.5 Million Promissory Notes

During the year ended March 31, 2023, the Company issued three promissory notes totaling \$4.5 million carrying a fixed 12.75% interest rate. The first note of \$1.0 million was issued on December 16, 2022, the second note of \$1.5 million was issued on January 24, 2023 and the third note of \$2.0 million was issued on February 28, 2023. All three notes become due and payable upon the earlier of a Change of Control transaction or December 31, 2024. The interest on these notes is paid bi-monthly. The use of proceeds of these promissory notes was to fund working capital.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
Operating Results					
Adult-Use Market Share % ⁽¹⁾	1.9%	2.2%	2.1%	1.5%	1.3%
Adult-Use Market Share Ranking	15	14	13	15	18
Medical Use Orders	14,557	17,048	61,086	75,044	86,657
Medical Use Avg Order Value	\$169	\$152	\$164	\$145	\$144
Financial Results					
Revenue	11,696	10,734	57,361	46,303	53,813
Branded Cannabis Net Revenue	7,173	8,047	36,622	31,567	36,768
Wholesale Net Revenue	2,216	(1,008)	6,225	4,489	6,354
Net revenue ⁽¹⁾	9,389	7,039	42,847	36,056	43,122
Branded Cannabis profit \$	2,690	2,851	12,664	10,179	12,840
Branded Cannabis profit %	38%	35%	35%	32%	35%
Bulk Wholesale profit \$	1,262	(1,918)	1,533	(5,882)	(3,683)
Bulk Wholesale profit %	57%	0%	25%	-131%	-58%
Gross profit before fair value adjustments	3,953	933	14,196	4,297	9,157
Total Gross profit %	42%	13%	33%	12%	21%
Adjusted SG&A	4,533	7,262	17,575	32,264	41,174
% of total net revenue	48%	103%	41%	89%	95%
Adjusted EBITDA ⁽²⁾⁽³⁾	229	(4,412)	(180)	(18,936)	(22,010)
Adjusted EBITDA margin ⁽²⁾	2%	-63%	0%	-53%	-51%

1. Based on HiFyre retail sales pull through data in BC, AB, SK& ON

2. See "Cautionary Statements Regarding Certain non-IFRS Measures" section for term definition

3. See "Adjusted EBITDA" section for reconciliation to IFRS equivalent.

Branded Cannabis

Total revenue for the fiscal year grew by 24% to \$57.4 million and total net revenue also grew by 19% to \$42.8 million. Branded net revenue grew by 16% to \$36.6 million, with growth across all three of its core branded cannabis sales channels. Wholesale net revenue grew by 39% to \$6.2 million.

Adult-use net revenue grew by 13% to \$22.4 million for the fiscal year ended March 31, 2023, from \$19.8 million in the prior year. The Company's market share ranking reached #13th compared to #15th a year earlier and market share increased to 2.1% from 1.5% a year earlier. Fiscal year 2023 saw tremendous growth in the pre-roll, milled and flower product format categories in particular with the expansion of larger format sizes. A focus on high velocity sales categories have been key to this successful growth. Additionally, the Company continues to redirect an increasing share of the Usable Flower supply from its Port Perry outdoor cultivation facility away from the bulk wholesale towards the adult-use sales channel, achieving higher net revenue and net realizable margin per gram. At the same time, the Company has been focusing on generating higher margins from its product portfolio by optimizing its product portfolio to focus on larger formats.

Medical net revenue grew by 7% to \$12.1 million for the fiscal year ended March 31, 2023, from \$11.3 million in the prior year. The growth in medical was accomplished despite the ongoing challenging contraction of the medical market. Further, there was an increase in average order value ("AOV") through focusing on high value patients and improving engagement with its active patient base. The Company estimates its market share ranking to be top 5 within the Canadian medical market⁷.

International net revenue increased by \$1.6 million or 318% for the fiscal year ended March 31, 2023 over the prior year. This increase was driven by European bound shipments of medical cannabis related to the Company's new international partner announced in August 2022.

The branded cannabis gross profit before fair value adjustments was \$12.7 million in the fiscal year ended March 31, 2023, representing a 35% margin compared to 32% in the prior year. This improvement in margin was driven by:

- *Building its international sales pipeline* - the Company is actively seeking out and onboarding new international sales opportunities which provide improved revenue and cash flow, reduced cash conversion cycle and higher margin than adult-use sales channel.
- *Growing its medical recurring "sticky" revenue, high-margin medical business* - driving market share capture by focusing on improving engagement with existing patients to grow average order values, access new regions and retaining our high value patients.
- *Innovative products* - continually augmenting the Company's portfolio with margin accretive SKUs, including larger size formats, and focus its efforts on curating a portfolio of innovative sought-after products that deliver attractive value for its consumers.
- *Portfolio optimization* - aligning the Company's portfolio with the best-selling product formats that deliver the strongest gross profit margins. The Company completed its first portfolio optimization in November 2021 and its most recent one in January 2023 to respond to emerging market trends.
- *Strategic flower sourcing arrangements* - procuring high-THC usable flower from third-party growers to drive improved whole flower product out-of-stock performance.

⁷ *Data on cannabis for medical purposes.* Health Canada. <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/medical-purpose.html>

- *Co-packing* - identifying areas where operational efficiencies can be extracted by outsourcing certain manufacturing and processing functions. These outside service providers allow the Company to rapidly scale throughput and focus its capital allocation in areas that are anticipated to deliver a higher return in the long-term.
- *Focusing on high quality usable flower* - optimizing grow practices to focus on the yield of high potency, usable flower for its branded products. This strategic shift away from focusing on total quantity and towards usable flower continues to optimize the yield and drive down the cash cost to grow flower.
- *Selective automation* – where products begin to mature in their packaging format, sizes, and consumption preferences the Company strategically deploys capital to automate certain parts of its processing. Most recently acquiring its first automated flower packaging machine and ramping it up in February 2023.

Bulk Wholesale

Bulk wholesale net revenue was higher for the fiscal year ended March 31, 2023 at \$6.2 million compared to \$4.5 million in the prior year. Despite the company's being primarily focused on growing its branded cannabis sales, this increase primarily came from the completion of two product-in-kind arrangements that saw the Company complete its obligations with these two Canadian LPs. Additionally, the Company opportunistically sold off-spec, low potency flower and other aged inventory in the bulk wholesale sales channel to other Canadian LPs. The Company continually evaluates its anticipated cultivation yield and requirements for its forecasted sales to optimize its inventory on hand and increase inventory turnover.

Total gross profit⁸ improved by \$3.0 million for the fiscal year ended March 31, 2023 compared to the prior year. This was driven by higher net revenue versus the prior year, the nonrecurrence of negative gross profit margin wholesale transactions as was the case in fiscal year 2022, and an improved gross profit margin in its branded cannabis product portfolio.

⁸ This is a non-IFRS measure. Please see page 34 for more information.

REVENUE COMPOSITION

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
Revenue					
Adult-Use	5,768	9,001	36,039	29,120	31,068
Medical Use	3,301	2,741	13,000	12,192	15,729
International	411	-	2,097	502	662
Total Branded	9,480	11,742	51,136	41,814	47,459
Bulk Wholesale	2,216	(1,008)	6,225	4,489	6,355
Total Revenue	11,696	10,734	57,361	46,303	53,813
Net Revenue					
Adult-Use	3,742	5,518	22,439	19,777	21,499
Medical Use	3,020	2,529	12,086	11,288	14,608
International	411	-	2,097	502	662
Total Branded	7,173	8,047	36,622	31,567	36,768
Bulk Wholesale	2,216	(1,008)	6,225	4,489	6,354
Total Net Revenue	9,389	7,039	42,847	36,056	43,122

OPERATING EXPENSES

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
Selling, general and administrative	5160	4,887	18,221	27,231	34,127
Amortization and depreciation	363	2,607	3,373	7,669	9,468
Share-based compensation expense	(139)	68	1,944	2,320	2,899
Restructuring costs	106	-	397	-	-
Business transaction costs	74	696	502	3,572	5,026
Bad debt expense	218	179	217	1,722	1,868
Total	5,781	8,437	24,653	42,514	53,388

The total operating expenses for the three months ended March 31, 2023 declined 31% to \$5.8 million, compared to the previous year's expenses of \$8.4 million, despite a 33% increase in total net revenue. The total operating expenses for the twelve months ended March 31, 2023 declined 42% to \$24.7 million, compared to the prior year's expenses of \$42.5 million. The decline is primarily driven by significant headcount reductions, winddown of physical medical clinics, IT consolidation of platforms, integration of the physical, virtual, and third-party clinic platform, rationalizations in consultants, advisors and legal costs, and various other cost optimization initiatives. The Company's full-time equivalent headcount has decreased by 43% from 276 at March 31, 2022 to 158 as at March 31, 2023. For the twelve months ended March 31, 2023, bad debt expense decreased as the Company continues to improve the credit quality of its receivables with increased focus on branded cannabis sales which have negligible credit risk as they are mostly government agencies. In the prior year the bad debt expenses was higher due to increased bulk wholesale sales related allowances for doubtful accounts. Business transaction costs were down for the three months and twelve months ended March 31, 2023, mainly due to non-recurring marketing, consultant, brand development and product formulation costs related to the launch of new product formats in the prior year comparative quarter. There were restructuring costs for the year of \$0.4 million related to the winddown of the Grimsby greenhouse.

OTHER EXPENSES (INCOME)

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
Interest expense, net	2,310	2,626	9,357	8,548	10,787
Gain on sale of assets	(21)	-	(91)	-	(12,092)
Fair value through profit and loss	2,000	1,120	1,108	15,505	15,505
Impairment of property, plant and equipment	-	-	5,578	28,800	28,800
Impairment of intangible assets	-	-	-	53,093	53,093
Impairment of goodwill	-	-	-	11,314	11,314
Gain on marketable securities	-	-	-	(12,092)	-
Other non-operating expense (income)	-	263	-	334	(18)
Total	4,289	4,009	15,952	105,502	107,389

Other expenses for the three months ended March 31, 2023 was \$4.3 million compared to \$4.0 million for the three months ended March 31, 2022. The increase in fair value through profit and loss adjustments relates to a reduction in the fair value of the Company's investments.

Other expenses for the twelve months ended March 31, 2023 was \$16.0 million compared to \$105.5 million for the twelve months ended March 31, 2022. Prior year included profit and loss adjustments of \$29.9 million related to a decrease in the fair value of the Company's investments, impairments to property, plant, and equipment (PPE) classified as held for sale and determined that the carrying amount of one of its assets was no longer recoverable, and impairments to intangible assets.

NON-IFRS MEASURES

ADJUSTED SG&A

Adjusted selling, general and administrative (“**Adjusted SG&A**”) is defined as SG&A expenses adjusted to exclude non-recurring costs. These non-recurring items may relate to certain transaction costs, one-time subsidies, and severances. Adjusted SG&A is not recognized or defined under IFRS, and as a result, it may not be comparable to the data presented by competitors.

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
SG&A	5,160	4,887	18,221	27,231	34,127
Business transaction costs	74	696	502	3,572	5,026
Wage Subsidies, severance	(105)	1,142	(552)	(598)	(38)
Grimsby costs	(459)	-	(459)	-	-
Paris property taxes	(137)	-	(137)	-	-
Medical Clinic Supply Services	-	557	-	2,059	2,059
Adjusted SG&A	4,533	7,282	17,575	32,264	41,174

The Company considers Adjusted SG&A an important key metric to measure the Company’s cost structure outside of production and inventory related costs as it drives continued operating leverage and improved Adjusted EBITDA profitability. The Company believes tightly containing and finding further cost efficiencies is a competitive strength. It is mostly fixed in nature with some variability depending on sales volume for marketing and other sales-oriented expenditures.

The Company has aggressively contained and rationalized its Adjusted SG&A cost profile, resulting in a 51% decline to \$4.5 million in the three months ended March 31, 2023, compared to \$7.3 million in the prior year comparative quarter. This was achieved despite total net revenue increasing 33% over the same period to \$9.4 million from \$7.0 million in the prior year. See the explanations of the changes in operating expenses for further information on SG&A.

There was a decline by 46% to \$17.6 million in the twelve months ended March 31, 2023, compared to \$32.3 million in the prior year comparative quarter. This was achieved despite total net revenue increasing 19% over the same period.

ADJUSTED EBITDA

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
Net loss	(12,053)	(4,152)	(34,610)	(156,049)	(169,867)
Add back:					
Depreciation and amortization ⁽¹⁾	888	2,149	6,147	10,050	12,427
Interest expense, net	2,310	2,626	9,357	8,549	10,787
Income tax expense (recovery)	-	-	-	(2,854)	(2,854)
EBITDA	(8,856)	623	(19,107)	(140,305)	(149,507)
Inventory write down	-	-	6,795	19,648	19,648
FV changes in biological assets and changes in inventory sold	5,935	906	1,401	563	1,453
Share-based payments	10	68	2,221	2,320	2,899
Bad debt expense	218	(8,088)	218	(1,290)	1,868
Business transaction costs	74	696	501	3,613	5,026
Restructuring costs	106	-	397	-	-
Gain on sale of assets	-	-	(112)	(12,092)	(12,092)
Gain on sale of marketable securities	(21)	-	(21)	-	-
Fair value through profit and loss adjustments	-	1,120	1,133	15,505	15,505
Impairment of intangible assets	-	-	-	53,093	53,093
Impairment of goodwill	-	-	-	11,314	11,314
Impairment of property, plant & equipment	2,000	-	5,578	28,800	28,800
Grimsby costs	563	-	563	-	-
Paris property taxes	137	-	137	-	-
Non-operating expense (income)	62	263	115	(106)	(17)
Adjusted EBITDA ⁽²⁾	229	(4,412)	(181)	(18,937)	(22,010)

1. Includes non-cash depreciation expensed to cost of sales.

2. See "Cautionary Statements Regarding Certain Non-IFRS Measures" section for term definitions

The Company considers Adjusted EBITDA a key metric for measuring operating performance and cash flow, to manage working capital, debt repayments and capital expenditures. Adjusted EBITDA is calculated as net income (loss), excluding (i) amortization and depreciation, (ii) fair value changes in biological assets and changes in inventory sold, (iii) share-based payments, (iv) bad debt expense, (v) business transaction costs, (vi) non-operating expenses (income), (vii) taxes, (viii) interest expenses, (ix) one-time sale of assets, (x) unrealized gain (loss) on marketable securities and (xi) other non-recurring expenses (income). Adjusted EBITDA is not recognized or defined under IFRS, and as a result, it may not be comparable to the data presented by competitors.

Adjusted EBITDA for the three months ended March 31, 2023 was a gain of \$0.2 million, compared to a loss of \$4.4 million in the prior year comparative quarter. The increase was primarily due to the \$1.3 million

bulk wholesale gross profit before fair value adjustments which represents two bulk wholesale customers.

The Company entered into five sales transactions representing \$2.2 million in bulk wholesale net revenue and \$1.3 million in gross profit before fair value adjustments with two customers to settle a product-in-kind obligation. These input materials exceeded the Company’s near-term supply requirements for its own branded cannabis products and accordingly had previously taken a \$1.1 million inventory provision. In management’s estimation at the time of recording the inventory provisions, the cost of the inventory exceeded management’s estimate of the net realizable value. After completing these sales transactions, the Company has no further obligation or commitment to these customers. As the sales transactions with these two customers fulfilled two separate product-in-kind obligations, no cash was received.

The Company will continue to sell product that is in excess of its needs to supply its own branded cannabis products in bulk wholesale transactions in order to maximize net realizable margin from its cultivation sites and improve its liquidity position.

The improvement in Adjusted EBITDA also benefitted from the reduction in selling, general and administrative expenses. There was certain marketing, consultant, brand development and product formulation costs related to the launch of new product formats, most of which are non-recurring in nature. In conjunction with the Company’s focused cost containment and rationalizations, which has delivered a dramatically improved SG&A expense profile.

LIQUIDITY AND CAPITAL RESOURCES

The Company’s objectives when managing its liquidity and capital resources are to ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans while maintaining healthy liquidity reserves and access to capital for at least the next twelve months.

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. The Company manages liquidity risk through the management of its capital structure. On March 31, 2023, the Company’s contractual obligations consist of accounts payable and accrued liabilities, net tax payable, credit facilities, and lease liability, which has a contractual maturity date within one year.

The following table sets forth the use of proceeds from the Company’s equity offering and debt financings completed over the last four quarters.

Date	Type	Gross Proceeds	Initially Intended Use of Proceeds	Actual Usage of Proceeds
June 24, 2022	Equity Financing Private Placement	\$5.6 million	The Company expected to use the net proceeds to fund working capital and capital expenditures for the Company’s continued growth, and other general corporate purposes.	Proceeds were used to fund working capital and other general corporate purposes.

December 16, 2022	Debt Financing Promissory Notes	\$4.5 million	The Company expected to use the net proceeds to fund working capital and capital expenditures for the Company's continued growth, and other general corporate purposes.	Proceeds were used to fund working capital and other general corporate purposes.
January 24, 2023				
February 28, 2023				

Cash Flow Highlights

A condensed consolidated cash flow statement of the Company is summarized below:

(\$,000s)	Three months ended		Twelve months ended		Fifteen months ended
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-22
Cash balance, beginning of period	602	11,232	1,569	17,678	30,529
Cash used in operating activities	(1,838)	(3,555)	(3,478)	(25,458)	(32,142)
Cash provided by used in investing activities	(49)	(652)	(1,427)	(4,203)	(4,659)
Cash provided by (used in) financing activities	1,912	(5,456)	3,963	13,552	7,841
Cash and restricted cash balance, end of period	627	1,569	627	1,569	1,569

Operating Activities

Cash used in operating activities was \$1.8 million for the three months ended March 31, 2023, compared to cash used in operating activities of \$3.6 million for the three months ended March 31, 2022. Cash used in operating activities has decreased by \$1.7 million driven by improved gross profit margin, reduced SG&A expense profile, enhanced accounts receivable and inventory working capital efficiency and the closure of the Grimsby greenhouse.

Cash used in operating activities was \$3.5 million for the twelve months ended March 31, 2023, compared to cash used in operating activities of \$25.5 million for the twelve months ended March 31, 2022. Cash used in operating activities has decreased by \$22 million driven by higher total net revenue, improved gross profit margin, reduced SG&A expense profile, and enhanced accounts receivable and inventory working capital efficiency.

Investing Activities

Cash used in investing activities was \$0.1 million and \$1.4 million for the three and twelve months ended March 31, 2023, compared to \$0.7 million and \$4.2 million for the three and twelve months ended March 31, 2022. Cash used in investing activities has declined significantly, due to the completion of significant capital projects at the Company's owned production facilities and the winddown of the Grimsby greenhouse. The Company continues to invest in ongoing equipment and other capital expenditures to maintain and make modest enhancements to the efficiency of its two cultivation facilities, including the investment in an automated flower packaging machine.

Financing Activities

Cash provided by financing activities was \$1.9 million for the three months ended March 31, 2023, compared to cash used in financing activities of \$5.5 million for the three months ended March 31, 2022.

The gross proceeds from the issuance of two promissory notes was \$3.5 million and this was partially offset by the \$1.2 million decline in the drawn balance on the revolving credit in the quarter ended March 31, 2023.

Cash generated by financing activities was \$4.0 million for the twelve months ended March 31, 2023, compared to \$13.5 million for the twelve months ended March 31, 2022. The Company raised \$5.6 million from the issuance of common shares and \$4.5 million from the issuance of promissory notes. This cash inflow was partially offset by \$2.0 million in interest payments, \$2.3 million credit facility repayment, \$1.3 million in lease liabilities and other debt related costs.

Contractual Obligations & Capital Expenditures

As of March 31, 2023, the Company had the following contractual obligations:

(\$,000s)	Within 1 year	2 years	3 years	4 years	5 year and thereafter
Convertible debentures	-	12,350	-	12,350	14,736
Credit facilities	12,882	-	-	-	-
Lease obligations	260	1,072	511	11	2
Promissory notes	-	4,500	-	-	-
Purchase commitments	506	-	-	-	-
Total	13,648	17,972	511	12,361	14,738

The purchase commitments all represent outstanding purchase orders to be fulfilled by vendors.

Convertible Debt

In June 2019, Aleafia Health issued 40,250 additional convertible debentures units (the “Debenture Units”) for gross proceeds of \$40.3 million. Each Debenture Unit consisted of one \$1,000 principal amount of an unsecured convertible debenture of Aleafia Health and 680 common share purchase warrants, which debentures contained the following terms:

- a maturity date of June 27, 2022;
- an interest rate of 8.5% per annum; payable semi-annually;
- convertible at \$1.47 per share until June 27, 2022, at the option of the holder; and
- Aleafia Health may accelerate the expiry date of the common share purchase warrants with not less than 30 days’ notice, should the daily volume weighted average trading price of the outstanding common shares of Aleafia Health on the TSX be greater than \$3.10 for 20 consecutive trading days.

During 2019, Debenture holders converted \$2.9 million debentures to common shares. Accordingly, the remaining principal balance to be paid upon maturity is \$37.3 million.

During the year ended March 31, 2022, Debenture holders converted \$0.3 million debentures to 204,751 common shares. Accordingly, the remaining principal balance to be paid upon maturity is \$37.0 million.

On June 23, 2022, the Company amended key commercial terms of its unsecured convertible debenture (Debenture Amendments), maturing June 27, 2022. The amendment includes, among other things, exchanging the current convertible debentures for new convertible debentures with maturities in two, four and six years. The interest rate remains the same at 8.5%, with payment in kind with additional new convertible debentures and a reduction in the conversion price from \$1.47 to \$0.25 for the debentures expiring in 2024, \$0.30 for the debentures expiring in 2026, and \$0.35 for the debentures expiring in 2028.

The Debenture Amendments were effected by the exchange of the outstanding \$37.0 million principal amount of unsecured convertible debentures for new, secured convertible debentures, which were issued to existing debenture holders in three equal, separate series (each, a “Series”): (a) 8.50% Series A Secured Debentures Due June 30, 2024 (the “Series A Debentures”), (b) 8.50% Series B Secured Debentures Due June 30, 2026 (the “Series B Debentures”), and (c) 8.50% Series C Secured Convertible Debentures Due June 30, 2028 (the “Series C Debentures” and, collectively with the Series A Debentures and the Series B Debentures, the “New Debentures”).

The interest rate remains at 8.5%, with no mandatory cash interest payment for either 24 and 30 months depending on the length of the term, as interest will be paid-in-kind with additional New Debentures (the “PIK Interest”) during these periods.

In addition, \$2.4 million principal amount of Series C Debentures were issued as consideration for the consent fee payable to debenture holders who consented in favour of the extraordinary resolution approving the Debenture Amendments.

Following the closing of the Debenture Amendments, the following New Debentures are issued and outstanding on the following terms:

New Debenture	Initial Principal Amount	Maturity Date	Conversion Price
Series A Debentures	\$12,350	June 30, 2024	\$0.25
Series B Debentures	\$12,350	June 30, 2026	\$0.30
Series C Debentures	\$14,736	June 30, 2028	\$0.35

The New Debentures are secured against certain assets of the Company and are fully subordinated to the Company’s existing credit facilities. The Company is not permitted to incur further senior secured indebtedness, subject to certain exceptions, including to fund working capital, capital expenditures, and acquisitions.

December 2021 Credit Facility - Current

On December 24, 2021, the Company entered into a new loan agreement that provides for a term facility of \$12.0 million and access to a revolving facility up to \$7.0 million. The loans bear interest at a rate of the National Bank of Canada prime rate with a floor of 3.45% plus 9%, annually. The availability under the revolving facility is subject to an advance rate against certain accounts receivable balances. Both facilities are payable on the earlier of demand and two years from funding.

The facility is secured by first lien mortgages on the Paris, Ontario and Grimsby, Ontario production facilities and certain equipment and a general security agreement.

On each of March 28, 2022 and June 17, 2022 the Company and the lender agreed to certain amendments to the agreement to provide for ongoing funding under the revolving facility despite one or more breaches of existing covenants.

As of March 31, 2023, the facility was fully paid off with an overpayment of \$0.2 million, resulting in an undrawn balance of \$7.2 million.

The available undrawn balance of the revolving facility, based on the eligible accounts receivable criteria, at the date hereof is \$0.7 million.

August 2021 Credit Facility – Current

On August 23, 2021, the Company entered into a secured Credit Agreement, to receive \$10.0 million for working capital, general corporate purposes and capital expenditures. The term of the loan was for one year and it bears simple interest at a rate of 12%, with an effective interest rate of 17.3%. Accrued interest may either be paid monthly in arrears or upon maturity of the facility. The first six months following the amended agreement allows for interest to accrue. In addition, up to 1,000,000 common share purchase warrants with an exercise price of \$0.32 were granted and vest in four tranches of 250,000 quarterly commencing November 20, 2021. The warrants were ascribed a value of \$131, using Black Scholes pricing model. The loan was initially secured by first lien mortgages on the Paris, Ontario and Grimsby, Ontario production facilities.

On December 24, 2021, the Company entered into an amendment with its lender to revise certain terms in the credit facility. The mortgages against the Paris, Ontario and Grimsby, Ontario production facilities were subordinated and a first lien mortgage was granted on the Port Perry, Ontario facility. The maturity date was extended by approximately 16 months to December 24, 2023 and the stated interest rate applicable changed to 12.45%.

The Company made a principal repayment of \$5.0 million against the credit facility, together with accrued interest and fees on January 7, 2022. The first tranche of the common share purchase warrants of 250,000 vested on November 20, 2021. Due to the early repayment, the second tranche vesting February 20, 2022, was reduced to 190,217 from 250,000. The third tranche of 125,000 common share purchase warrants vested on May 20, 2022 and the remaining 125,000 common share purchase warrants vested on August 20, 2022.

Promissory Note – Non-Current

During the year ended March 31, 2023, the Company issued three promissory notes totaling \$4.5 million carrying a fixed 12.75% interest rate. The first note of \$1.0 million was issued on December 16, 2022, the second note of \$1.5 million was issued on January 24, 2023 and the third note of \$2.0 million was issued on February 28, 2023. All three notes become due and payable on December 31, 2024. The interest on these notes is paid bi-monthly. The use of proceeds of these promissory notes was to fund working capital.

Contingencies

In the ordinary course of business, from time to time, the Company may be involved in various claims related to its commercial and/or corporate activities. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to the Financial Statements.

Certain of Emblem Corp.'s former executives have been named in a claim commenced March 20, 2015, in the Ontario Superior Court of Justice that also identifies Emblem Corp. and Emblem in relation to certain services provided to the parties by an individual. The plaintiff has claimed \$10 million in damages. The claim is being contested and is expected to proceed to trial circa 2024 if a settlement cannot be reached earlier. The outcome of this legal matter is subject to negotiations by the officers of the Company and the Company believes it is unlikely to be impacted and accordingly, no amount has been provided for. A separate claim was also initiated by Amos Tayt's on March 22, 2019, in the Ontario Superior Court of Justice against Emblem and Emblem Corp. arising out of the same facts and seeking the same damages. It is also being contested.

On June 16, 2020, a class-action lawsuit was issued in Calgary, Alberta by Lisa Marie Langevin as the proposed representative plaintiff. The claim has been filed against most of the cannabis manufacturers in Canada and includes, among the many defendants, Emblem Corp. and Aleafia Health. The claim alleges that the THC and CBD levels in the products manufactured and/or sold by the defendants differed from what was represented on packaging, specifically alleging that THC and CBD levels were found to be significantly higher than indicated in some products while others may have had significantly lower levels. The action is seeking \$500 million (or such other amount as may be proven at trial) for all Canadians who purchased medicinal cannabis products on or after June 16, 2010, as well as Canadians who legally purchased cannabis for recreational purposes on or after October 17, 2018. The claim also seeks \$5.0 million in punitive damages. Ms. Langevin has not alleged that she ever purchased product from Emblem or Aleafia Health. The case is at its earliest stages. The Company believes it has good defenses to the claim and intends to vigorously defend the claim. Accordingly, at this stage no amount has been provided for in the consolidated statements of financial position in respect of this claim.

On February 8, 2023, the Company received a letter from the Canada Revenue Agency ("CRA") with respect to Emblem Cannabis Corporation's previously filed Canada Emergency Wage Subsidy ("CEWS") for the period between March 15, 2020 and March 13, 2021. The CRA has audited said periods for Emblem Cannabis Corporation and has proposed a claw back in the amount of \$3.2 million related to the CEWS funds provided to the Company. The Company is actively reviewing the CRA's findings and intends to file a Notice of Objection. Based on the Company's records and external advice, it remains of the belief that it is owed the full amount of the previously claimed and received CEWS funds. At this time, it is not possible to make a reasonable and reliable estimate of the likelihood of the outcome of the dispute. Accordingly, the Company has not accrued for any potential disallowed CEWS claims in the period. The Company will continue to assess the matter as the dispute resolution progresses.

Excise Duties

The Company has excise duties which are accrued for in the normal course as incurred. As a result, of ongoing liquidity issues the Company has accumulated overdue excise duties and is incurring interest at the statutory posted rate on said amounts. The total excise duty payable as at March 31, 2023 was \$9.4 million. The Company is in discussions with the CRA to formulate a formal repayment plan. No assurances can be provided as to the length or outcome of these discussions.

Off-balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Related Party Transactions

Other than compensation and benefits paid to directors or key management personnel in the normal course of business, the Company had no transactions with its related parties (as defined under IFRS) during the reporting period.

SELECTED QUARTER & ANNUAL INFORMATION

The following information has been prepared in accordance with IFRS in Canadian dollars.

(\$,000s) except per share amounts	Three months ended		Twelve months ended		
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-21
Net revenue	9,394	7,039	42,847	36,496	29,189
Cost of sales	5,437	6,106	28,651	32,566	15,669
Total operating expenses	5,782	8,437	24,654	42,514	43,493
Total other expenses	4,289	4,009	15,952	105,502	206,931
Net loss and comprehensive loss	(12,050)	(4,152)	(34,604)	(150,764)	(257,022)
Loss per share, basic and diluted	\$(0.03)	\$(0.01)	\$(0.09)	\$(0.46)	\$(0.83)
Total assets	59,925	81,518	59,925	81,518	72,051
Total non-current liabilities	33,197	6,908	33,197	6,908	38,382

The fluctuations in reported results during the three months ended March 31, 2023 resulted primarily from the following factors:

- Net revenue increased 33% to \$9.4 million from \$7.0 million in the prior year primarily due to an increase in wholesale revenue.
- Cost of sales decreased 11% to \$5.4 million from \$6.1 million in the prior year. Cost of sales % improved to 58% of net revenue compared to 87% in the prior year primarily due to an increase in the proportion of branded cannabis sales and the gross profit margin expansion in branded cannabis sales.
- Total operating expenses decreased 32% to \$5.8 million from \$8.4 million in the prior year. The decline is primarily driven by significant headcount reductions, winddown of physical medical clinics, integration of the physical, virtual, and third-party clinic platform, rationalizations in consultants, advisors and legal costs, reduction in amortization and depreciation expense, and various other cost optimization initiatives.
- Total other expenses were slightly higher at \$4.3 million compared to \$4.0 million in the prior year. The increase is due to fair value through profit and loss adjustments related to a change in share price of investments and marketable securities.
- Total non-current liabilities increased which following the convertible debenture refinancing completed in June 2022 were reclassified from current to non-current liabilities.

Fluctuations in results for the twelve month period ended March 31, 2023 compared to the prior periods resulted primarily from the following factors:

- Net revenues improvement of 17% and 25% compared to the periods ended March 31, 2022 and March 31, 2021 respectively. This trend is a result of the company's strategic shift to branded cannabis products.
- Cost of sales over the twelve month period ended March 31, 2023 improved by 11%. The Company methodically reviewed its cost structure and optimized its talent and resources towards branded cannabis products which delivered the highest net realizable margin per gram of flower sold.

- Operating expenses have significantly improved over the past twelve months because of the company's ongoing cost containment strategy. The Company realigned its medical business, integrated its virtual, physical and third-party clinic platform to further improve its general and administrative and wages and benefits cost profile while improving the patient experience through a more cohesive and consistent approach to managing patient interactions. The Company assessed procurement practices, resulting in a consolidation of certain vendors leading to cost efficiencies.
- Net loss and comprehensive losses in the year's ended March 31, 2022 and 2021 included significant impairments of goodwill, intangible assets, and impairment of property, plant and equipment.

QUARTERLY HISTORICAL FINANCIAL RESULTS

(\$,000s)	Three months ended			
	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22
Net revenue	9,389	10,789	10,577	12,028
SG&A expenses	5,160	3,872	4,257	5,006
Net loss and comprehensive loss	(12,053)	(25,128)	7,047	(4,469)
Basic and diluted earnings (loss) per share	\$(0.03)	\$(0.06)	\$0.02	\$(0.01)

(\$,000s)	Three months ended			
	31-Mar-22	31-Dec-21	30-Sep-21 (Restated)	30-Jun-21 (Restated)
Net revenue	7,039	8,764	9,574	10,672
SG&A expenses	4,887	6,980	6,581	9,165
Net loss and comprehensive loss	(4,152)	(71,509)	(80,335)	5,231
Basic and diluted earnings (loss) per share	\$(0.01)	\$(0.22)	\$(0.24)	\$0.02

The Company is exposed to seasonality with respect to its branded cannabis sales. Sales are typically slower in the first quarter of each calendar year and then increase into the summer periods.

SG&A expenses have trended lower over the past eight quarters reflecting the success of the company's focus on cost containment and rationalization.

SUMMARY OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. Subsequent to March 31, 2023, 121,220 common shares were issued under the Company's share-based plans. The total number of common shares issued and outstanding is 403,265,146 as of the date hereof.

In addition, the Company has the following securities outstanding which are convertible into common shares:

- 34,765,475 warrants;
- 50,874,190 stock options;
- 1,935,750 restricted share units;
- 12,082,004 deferred share units;
- \$12,887,493 of Series A Debentures;
- \$12,887,493 of Series B Debentures; and
- \$15,378,043 of Series C Debentures.

FINANCIAL INSTRUMENTS

The table below summarizes the categories under IFRS 9 for the financial assets and financial liabilities:

(\$,000s)	March 31, 2023	March 31, 2022
Fair value through profit and loss (cash, restricted cash, and marketable securities)	697	2,759
Assets, amortized cost (trade receivables, net tax receivable, and investments)	6,666	10,672
Liabilities, amortized cost (accounts payable, net tax payable, lease liability, credit facilities, liabilities held for sale, promissory note and convertible debt)	68,838	79,903

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 - Inputs that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by Level within the fair value hierarchy:

Fair value measurements using	Quoted prices in active markets for identical instruments	Significant other observable inputs	Significant unobservable inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
	\$	\$	\$	\$
Cash	465	-	-	465
Restricted cash	162	-	-	162
Marketable securities	65	5	-	70
Total, March 31, 2023	692	5	-	697

The carrying value of trade receivables, accounts payable and net tax payable are a reasonable approximation of their fair value due to their short-term nature. The carrying value of lease liability, credit facilities, promissory notes and convertible debt are a reasonable approximation of their value based on market interest rates for similar instruments as at March 31, 2023.

Financial Instruments Risk Management

Effective risk management is fundamental to the success of the organization and is recognized as key in the Company's overall approach to strategy management. The primary goals of the Company's risk management strategy are to ensure that the outcomes of risk-taking activities are consistent with the Company's strategies and risk appetite and that there is an appropriate balance between risk and reward to maximize shareholder value.

a) Currency risk

The Company's revenues and expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary assets or liabilities and has few transactions denominated in a currency other than Canadian dollars. During the twelve months ended March 31, 2023, there has been no change to the management of this risk.

b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits, the variable rate of interest applicable to the \$12.0 million term facility and the drawn amount of the revolving facility. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term in nature. The interest rate risk on convertible debt is insignificant due to the fixed rate of interest on convertible debt. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company monitors interest rate and may enter into derivative instruments to hedge interest rate risk should it deem it economically efficient.

c) Investment risk

The Company is exposed to investment risk arising from its holdings in various securities, including publicly traded securities and a long-term investment in a privately held company. Investment risk encompasses a range of factors that could impact the value and performance of these securities.

The Company's investments in publicly traded securities are subject to market-related risks, including share price volatility and fluctuations. These risks are influenced by factors such as market conditions, investor sentiment, economic trends, and company-specific developments. The Company monitors market conditions, including share price movements, and evaluates the performance of its investments regularly. By staying informed about market trends and conducting ongoing evaluations, the Company aims to make informed investment decisions and manage risks effectively.

The Company holds a long-term investment in a privately held retail company, which introduces unique investment risks. These risks include factors such as business performance, market dynamics, regulatory changes, competitive landscape, and other industry-specific risks. The value and success of the investment are dependent on the ability of the underlying company to achieve its strategic objectives and generate sustainable returns. The Company regularly monitors the performance and prospects of this investment and incorporates risk assessments into its investment strategies.

The Company evaluates the business performance, market conditions, and industry-specific risks affecting the investment. By conducting ongoing assessments and incorporating risk assessments into its investment strategies, the Company strives to manage investment risk effectively.

It is important to note that investment risk cannot be completely eliminated, as it is inherent in the investment process. The Company recognizes that investments carry inherent uncertainties, and actual outcomes may differ from estimates and projections. Therefore, the Company remains diligent in its investment activities, continuously evaluates investment opportunities, and adjusts its investment strategy as necessary to navigate investment-related risks effectively.

d) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash, trade and other receivables and marketable securities. The risk exposure is limited to their carrying values reflected on the consolidated statements of financial position. To minimize the credit risk the Company places these instruments with a high-quality financial institution. There are no expected credit losses with respect to cash and cash equivalents as the Company does not invest in asset backed investments. To manage and mitigate credit risk in respect of trade receivables, the Company has the option in certain cases to receive product in kind.

For the twelve months ended March 31, 2023, the expected credit losses of trade and other accounts receivables were assessed based on the expected loss model in compliance with IFRS 9. Individual receivables that were known to be incurred credit losses are written off by reducing the carrying amount directly, and this is revaluated and subject to change as the Company reevaluates its credit risk exposure. Pursuant to their collective terms, trade accounts receivable, were aged as follows:

	March 31, 2023	March 31, 2022
	\$	\$
Current	2,787	6,363
0 – 30 days past due	512	250
31 – 60 days past due	248	95
61 – 90 days past due	156	69
90 + days past due	1,184	1,176
Provision for credit losses	(871)	(654)
Other receivables	259	452
Total	4,275	7,751

The standard payment terms applicable to most customers are between 30 – 60 days upon receipt of goods. There is negligible credit risk with respect to other receivables, as they primarily originate from government agencies, national insurance companies and a credit card company.

The Company has concentration risk, as approximately 82% (March 31, 2022 – 76%) of total revenue came from three (March 31, 2022 – three) customers and approximately 59% (March 31, 2022 – 79%) of total trade accounts receivable is due from three (March 31, 2022 – three) customers.

During the year, the Company settled \$2 million in accounts payable by delivering its products to a counterparty from whom the Company had made purchases, resulting in an equivalent accounts receivable balance. This transaction led to the offsetting of accounts receivable and accounts payable, effectively

setting them to zero. Consequently, no cash flow was generated from the wholesale revenue, and both the accounts payable and accounts receivable were fully eliminated.

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has experienced recurring losses and has a cumulative deficit of \$527.8 million. For the year ended March 31, 2023, cash flow from operations is negative due in part to the high rate of revenue growth the Company has experienced which has driven a requirement for working capital and selling, general & administrative investment.

As at March 31, 2023, the Company has total current assets of \$25.8 million (March 31, 2022 - \$36.8 million) and total current liabilities of \$31.3 million (March 31, 2022 - \$73.0 million), providing for net current liability of \$5.4 million (March 31, 2022 – \$36.2 million). The significant change during the twelve months ended March 31, 2023 is primarily a result of the extinguishment of the June 2019 convertible debenture.

The Company's objectives when managing its liquidity and capital resources are to ensure sufficient liquidity to meet its financial obligations and execute its operating and strategic plans for at least the next twelve months. Management closely monitors the liquidity position. The Company manages liquidity risk by seeking out new debt and equity financing options, reviewing its capital structure to optimize the cost of capital, exploring and surfacing equity and debt funding options, managing its non-cash current assets to ensure the timely conversion to cash, divesting of non-core assets and putting plans in place to meet its financial obligations as they come due.

The Company potentially has options to meet its liquidity needs including, converting its non-cash working capital to cash, issuance of common shares via a private placement offering, issuing common shares via a public equity offering, and seeking out new debt financing options.

The Company's ability to meet its commitments to sustain operations and settle its obligations as they become due within the next twelve months and its exposure to liquidity risk is dependent on the Company's ability to:

- Divesting of its assets held for sale;
- Refinance or amend the terms of its credit facilities;
- Raise additional debt financing;
- Raise additional equity financing; and
- Realize cash flow from operations which is subject to significant judgements and estimates, the most significant of which is the Company's sales projections and its ability to realize its assets and discharge its liabilities in the normal course of business.

While, the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to obtain sufficient financing to maintain operations in the normal course in the future on terms favourable for the Company. In this regard, reference should be had to the section below regarding the Company's going concern assumption.

f) Compliance with TSX, OTCQX and OTCQB Requirements

On March 22, 2022, Aleafia Health received notice from the OTCQX that its bid price had closed below

US\$0.10 for more than 30 consecutive calendar days and no longer met the Standards for Continued Qualification for the OTCQX International tier. Aleafia Health was given a 180-day cure period for its share price to trade above US\$0.10 for ten consecutive days. If, by September 19, 2022, Aleafia Health's bid price did not stay at or above the US\$0.10 minimum for ten consecutive trading days during the cure period, and, as a result, Aleafia Health was delisted from the OTCQX on September 21, 2022. However, Aleafia Health has instead been moved to the OTCQB as of September 21, 2022 where its common shares continue to trade.

On May 3, 2022, the TSX approved the application by the Company for an exemption from certain voting requirements relating to the Private Placement and Debenture Amendments on the basis of "financial hardship." As a result, the Company was subject to a remedial delisting review by the TSX. It is routine for the TSX to require any issuer utilizing the financial hardship exemption to be the subject of such a review. On September 16, 2022, the TSX announced that it would extend the delisting review period until November 29, 2022. On November 24, 2022, the TSX confirmed that it completed its delisting review and Aleafia Health satisfied the TSX's requirements to remain listed on the TSX.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Going concern assumption

The consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future.

The Company has experienced recurring losses, has a cumulative deficit of \$527.8 million (March 31, 2022 – \$493.2 million) and net working capital deficit of \$5.4 million (March 31, 2022 – deficiency of \$36.2 million). These factors indicate that there are material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on its ability to achieve profitable operations and/or raise equity or debt financing. There is no assurance that any necessary future financing will be sufficient to sustain operations until such time that the Company can generate sufficiently profitable operations to support its requirements.

The consolidated financial statements do not include any adjustments to the recoverability and classification

of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern, such adjustments could be material.

The proposed business combination transaction with Red White & Bloom Brands Inc. ("RWB"), along with the related subsequent events as described in Note 25, have the potential to significantly affect the Company's ability to continue as a going concern. Please refer to Note 25 for more details regarding this subsequent event.

The Company's objectives when managing its liquidity and capital resources are to ensure sufficient liquidity to meet its financial obligations and execute its operating and strategic plans for at least the next twelve months. Management closely monitors the liquidity position and strives to have adequate sources of funding to finance the Company's projects and operations. The Company manages liquidity risk by exploring new debt and equity financing options, reviewing its capital structure to optimize the cost of capital, maintaining the continuity of equity and debt funding options, managing its non-cash current assets to ensure the timely conversion to cash, optimizing its fixed assets which in certain instances includes monetizing, and putting plans in place to meet its financial obligations as they come due.

The Company has multiple options which could potentially meet liquidity needs including converting its non-cash working capital to cash, selling non-core assets, issuing common shares via a public or private placement equity offering, and new debt financing options.

The Company's ability to meet its commitments to sustain operations and settle its obligations as they become due within the next twelve months and its exposure to liquidity risk is dependent on the Company's ability to:

- Realize cash flow from operations which is subject to significant judgements and estimates, the most significant of which is the Company's sales projections and its ability to realize its assets and discharge its liabilities in the normal course of business;
- Remain in compliance with its credit facilities and convertible debenture covenants; and
- Raise additional debt and equity financing.

While the Company has been successful in obtaining financing to date, there can be no assurances whether it will be able to obtain sufficient funds from financing in the future and ultimately achieve profitability and positive cash flows from operations.

Biological assets and inventory

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant.

In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value, estimated useful lives and impairment of CGUs and goodwill.

Assets and liabilities held for sale

Assets and liabilities held for sale are no longer depreciated and are presented separately in the statement of financial position at the lower of their carrying amount and fair value less costs to sell. An asset is regarded as held for sale if its carrying amount will be recovered principally through a sale transaction, rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable.

Useful lives of property, plant and equipment

Depreciation and amortization of property, plant and equipment are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Revenue recognition

Estimates are used when the Company recognizes certain research revenue depending on how frequently patients visit the clinics and what portion of the upfront deposits are considered deferred. Also, significant judgment is exercised to determine if all the specific requirements for the transfer of control under a bill-and-hold arrangement have been met and revenue can be recognized. Significant judgment is exercised to determine when certain conditions have been met for products destined for international markets.

Valuation of share-based payments

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used. In calculating the fair value of the warrants, the Company includes key assumptions such as the volatility of the Company's stock price, the value of the common share, and the risk-free interest rate.

Income taxes

Income taxes and tax exposures recognized in the consolidated Financial Statements reflect management's best estimate based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

DISCLOSURE AND INTERNAL CONTROLS

Disclosure Controls and Procedures

Aleafia Health's disclosure controls and procedures (DCP), as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109) are designed to provide reasonable assurance that information required to be disclosed in our filings is recorded, processed,

summarized and reported within the time periods specified in securities legislation. They are also designed to provide reasonable assurance that all information required to be disclosed in these filings is accumulated and communicated to management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as appropriate, to allow timely decisions regarding public disclosure. Our management, including the CEO and CFO, conducted an evaluation of the effectiveness of the DCP as of March 31, 2023 and concluded they were effective.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (ICFR), as defined in NI 52-109. ICFR means a process designed by or under the supervision of the CEO and CFO, and effected by our board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS, and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the Company's financial position;
- are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Financial Statements.

All internal control systems have inherent limitations and therefore our ICFR can only provide reasonable assurance and may not prevent or detect misstatements due to error or fraud. Our management, including the CEO and CFO, conducted an evaluation of our ICFR and concluded that they were effective as of March 31, 2023.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Because of the inherent limitations in any control system, no evaluation of control can provide absolute assurance that all control weaknesses including, for example, any instances of fraud, have been detected. Inherent limitations include: (i) that management's assumptions and judgements could ultimately prove to be incorrect as conditions and circumstances vary; (ii) the impact of any undetected errors; and (iii) controls may be circumvented through the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of control is also based upon assumptions as to the likelihood of future events and there is no assurance that any design will succeed in achieving its goals under future conditions.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter that materially affected, or were reasonably likely to materially affect, our ICFR.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Forward Looking Information

Certain statements herein relating to the Company constitute "forward looking information", within the meaning of applicable securities laws, including without limitation, statements regarding future estimates, business plans and/or objectives, sales programs, forecasts and projections, assumptions, expectations,

and/or beliefs of future performance, are “forward-looking information”. Such forward-looking statements involve unknown risks and uncertainties that could cause actual and future events to differ materially from those anticipated in such statements. Forward looking statements include, but are not limited to, statements with respect to our market share, net revenue, net branded revenue, gross profit, gross profit margin, Adjusted SG&A, Adjusted EBITDA, and other financial outlook projections for financial year 2023, our commercial operations, including production and / or sales of cannabis, quantities of future cannabis production, anticipated revenue in connection with such sales, and other Information that is based on forecasts of future results, estimates of production not yet determinable, and other key management assumptions. The following material factors or assumptions were used to develop the forward looking information: market size and growth of the Canadian adult-use and medical cannabis markets, retail store penetration, script ordering frequency, retention and average order value trends, cultivation and processing capacity, costs of production, flower procurement costs, inflation, interest rates, gross and net revenue per gram.

Actual results may differ materially from those expressed or implied by such forward looking statements and involve risk and uncertainties relating to: future cultivation yield and quality, ability to procure additional Usable Flower, actual operating performance of facilities, product launches, facility licenses and amendments, patient retention ability to enter new provincial adult-use markets, average selling prices, cost of goods sold, operating expenses, Adjusted EBITDA, regulatory changes in the Canadian and international markets, and other uninsured risks. The forward looking information was approved by Management as of June 13, 2023. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law. The forward looking information is provided for information purposes only and readers are cautioned that it may not be appropriate for other purposes. This presentation is provided for general information purposes only and does not constitute an offer to sell or solicitation of an offer to buy any security in any jurisdiction

Cautionary Statement Regarding Non-IFRS Measures

This MD&A contains non-IFRS financial performance measures which the Company believes provides users with relevant information regarding operation performance. These measures are not recognized or defined under IFRS, and as a result, they may not be comparable to the data presented by competitors. These non-IFRS measures include, but are not limited to:

- Cannabis net revenue is sale of cannabis revenue less excise duties
 - Adult-use cannabis net revenue is net cannabis revenue for Canadian adult-use sales.
 - Medical cannabis net revenue is net cannabis revenue for Canadian medical sales and clinic revenue.
 - International cannabis net revenue is net cannabis revenue for international medical sales.
 - Bulk Wholesale cannabis net revenue is net cannabis revenue in sales to other LPs.
- Branded Cannabis Net Revenue is calculated as Adult-use cannabis net revenue, Medical cannabis net revenue and International cannabis net revenue. It excludes bulk wholesale net revenue
- Total Branded Cannabis Revenue is calculated as Adult-use cannabis revenue, Medical cannabis revenue and International cannabis revenue. It excludes bulk wholesale cannabis revenue.
- Gross profit margin before fair value adjustments on branded cannabis net revenue represents gross profit margin on branded cannabis net revenue. It is calculated by subtracting costs of sales relating to bulk wholesale and dividing by branded cannabis net revenue.
- Gross profit before fair value adjustments on bulk wholesale represents gross profit on bulk wholesale. It is calculated by subtracting costs of sales relating to bulk wholesale net revenue.
- Gross profit margin before fair value adjustments on bulk wholesale represents gross profit margin on bulk wholesale. It is calculated by subtracting costs of sales relating to cannabis net revenue and dividing by bulk wholesale net revenue.
- Gross profit before fair value adjustments margin is the gross profit before fair value adjustments and inventory provision divided by total net revenue. Management believes that this is a useful metric to

assess the profitability of cannabis sales, as it eliminates the effects of non-cash fair value changes in inventory and biological assets.

- Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total net revenue.

RISK FACTORS

Due to the nature of the Company's business and the legal and economic climate in which it operates, the Company is subject to significant risks. The risks presented below should not be exhaustive and may not be all of the risks that the Company may face. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business and operations. If any of the following or other risks are realized, the Company's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event the trading price of the Company's shares could decline, and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

REGULATORY AND LEGAL RISKS

Compliance with Laws

The adult-use and medical cannabis industries and markets are subject to a variety of laws in Canada and internationally.

The business and activities of the Company are heavily regulated. The Company's operations are subject to various laws, regulations and guidelines by governmental authorities, particularly Health Canada, relating to the manufacture, marketing, management, transportation, storage, sale and disposal of cannabis, and also including laws and regulations relating to health and safety, healthcare practitioner services, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services.

To the knowledge of management, the Company is currently in compliance under the *Cannabis Act*. Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on its Licences, issued in accordance with the *Cannabis Act* and *Cannabis Regulations* ("Licences") to operate the Company's business; the suspension or expulsion from a particular market or jurisdiction or of its key personnel; and, the imposition of fines and censures. To the extent that there are changes to the existing or the enactment of future laws and regulations that affect the sale or offering of the Company's product or services in any way it may have a material adverse effect on the Company's business, financial condition and results of operations. Any amendment to or replacement of the *Cannabis Act* or other applicable rules and regulations governing the Company's activities may cause adverse effects on the Company's business, financial condition and results of operations.

There is also a risk that the Company's interpretation of laws, regulations and guidelines, including, but not limited to the associated regulations and applicable stock exchange rules and regulations, may differ from those of others, including those of governmental authorities, securities regulators and exchanges, and the Company's operations may not be in compliance with such laws, regulations and guidelines.

Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and, where necessary, obtaining regulatory approvals. The impact of regulatory compliance regimes, and the impact of any delays in obtaining or failures to obtain regulatory approvals required by the Company may significantly delay or impact the development of the

Company's business and operations and could have a material adverse effect on the Company's business, financial condition and results of operations.

Further, the Company is subject to ongoing inspections by Health Canada to monitor compliance with licensing requirements. The Company's existing Licences and any new licences that it may obtain in the future in Canada or other jurisdictions may be revoked or restricted at any time in the event that the Company is found not to be in compliance. Should the Company fail to comply with the applicable regulatory requirements or with conditions set out under its Licences or should its Licences be revoked, the Company may not be able to continue producing or distributing cannabis in Canada.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. The Company may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Changes in Laws, Regulations and Guidelines

The legislative framework pertaining to the Canadian recreational cannabis market is subject to significant provincial and territorial regulation, which varies across provinces and territories resulting in an asymmetric regulatory and market environment, different competitive pressures and significant additional compliance and other costs and/or limitations on the Company's ability to participate in such markets.

The laws, regulations and guidelines applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen by the Company. The *Cannabis Act* came into effect on October 17, 2018. However, uncertainty exists with respect to the implementation of the *Cannabis Act*, federal regulations thereunder as well as the various provincial and territorial regimes governing the distribution and sale of cannabis for adult-use, recreational purposes.

Since cannabis remains illegal under U.S. federal law (other than the legalization of hemp) any engagement in cannabis-related activities may lead to heightened scrutiny by regulatory bodies and other authorities that could negatively impact the Company and/or its personnel.

The impact of these new laws, regulations and guidelines on the business of the Company, including increased costs of compliance and other potential risks, cannot be fully predicted; accordingly, the Company may experience adverse effects.

Reliance on Licenses and Permits

The Company's ability to grow, store and sell cannabis in Canada is dependent on its Licences from Health Canada. Failure to comply with the requirements of the Licences or any failure to maintain its Licences would have a material adverse effect on the business, financial condition and operating results of the Company.

The Port Perry facility Licence will expire on October 9, 2023, the Paris facility Licence will expire on January 20, 2028, the Grimsby facility Licence will expire on June 13, 2023, and the Distribution Centre Licence will expire on February 12, 2024. The Company has ceased all activities at its Grimsby facility and is no longer dependent on the facility or its licence.

Although management believes it will meet the requirements of the *Cannabis Act*, for extension of the Licences, there can be no guarantee that Health Canada will extend or renew the Licences or, if it is extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the Licences, or should it renew the Licences on different terms or not provide the amendments as requested for anticipated capacity increases, the business, financial condition and results of the operations of the Company will be materially adversely affected.

The Company is dependent upon its Licences for its ability to grow, store and sell cannabis and other products at its production facilities. The Licences are subject to ongoing compliance, reporting requirements and renewal.

In addition to the Licences, the operations of the Company may require other Licences and permits from various governmental authorities, including, but not limited to, local municipalities. The Company currently has all non-federal permits and Licences that it believes are necessary to carry on its business. The Company may require additional Licences or permits in the future and there can be no assurance that the Company will be able to obtain all such additional Licences and permits. In addition, there can be no assurance that any existing Licences and permits will be renewable if and when required or that such existing Licences and permits will not be revoked.

Regulatory or Agency Proceedings, Investigations and Audits

The Company's businesses require compliance with certain laws and regulations. Failure to comply with applicable laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could lead to damage awards, fines and penalties.

The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition.

There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

Reliance on Facilities

The Port Perry facility, the Paris facility, and the Distribution Centre are integral to the Company's business and adverse changes or developments affecting any of them may impact the Company's business, financial condition and results of operations.

Adverse changes or developments affecting the Port Perry facility, Paris facility, and/or the Distribution Centre, including but not limited to a force majeure event or a breach of security, could have a material adverse effect on the Company's business, financial condition and prospects. Any breach of the security measures and other production facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Health Canada, could also have an impact on the Company's ability to continue operating under its existing licence or the prospect of renewing the licence or could result in a revocation of the licence.

Constraints on Marketing Activities

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities and the potentially broad interpretation of such restrictions imposed by Health Canada. The regulatory environment in Canada limits the Company's ability to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased sales prices for its products, the Company's sales and operating results could be adversely affected.

Intellectual Property

The Company's success depends in part on its ability to protect its rights to intellectual property and/or to license intellectual property rights on favourable terms. The Company relies upon various forms of intellectual property protection, including copyright and trademarks, as well as contractual provisions, to

protect intellectual property rights. Despite precautionary measures, the steps the Company takes may not prevent misappropriation of the Company's intellectual property, and the agreements the Company enters into may not be enforceable. It may also be possible for third parties to obtain and use the Company's intellectual property without authorization. Policing unauthorized use of intellectual property is difficult, time-consuming and costly. Further, some foreign laws do not protect proprietary rights to the same extent as the laws of Canada.

With respect to the trademark applications that the Company has filed, the Company cannot offer any assurances about whether such applications will be granted. Even if trademark applications are successfully approved, third parties may challenge their validity, enforceability, or scope, which may result in such trademarks being narrowed, found unenforceable or invalidated. Even if they are unchallenged, any trademark applications and future trademarks may not adequately protect the Company's intellectual property or provide exclusivity for its products or processes. Any of these outcomes could impair the Company's ability to prevent competition from third parties, which may have an adverse impact on the Company's business.

Trademark protection is an important factor in establishing product recognition. The Company's ability to protect its trademarks from infringement could result in injury to any goodwill which may be developed in those trademarks. Moreover, the Company may be unable to use one or more of its trademarks because of successful third-party claims.

To protect the Company's intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of management, cause significant delays, materially disrupt the conduct of business or adversely affect the business, financial condition and results of operations.

In addition, other parties may claim that the Company's products infringe on their proprietary or patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources and legal fees, result in injunctions or temporary restraining orders or require the payment of damages.

The Company also relies on certain trade secrets, technical know-how and proprietary information that are not protected by patents to maintain its competitive position. The Company's trade secrets, technical know-how and proprietary information, which are not protected by patents, may become known to or be independently developed by competitors, which could adversely affect the Company.

OPERATING RISKS

The Cannabis Industry in Canada

As a LP, the Company is operating its business in a relatively new industry and market. In addition to being subject to general business risks, the Company must continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry, such as the imposition of restrictions on sales and marketing or restrictions on sales in certain areas, could have a material adverse effect on the Company's business, financial conditions and results of operations.

Operating in a New and Evolving Industry

The nature of the new and rapidly evolving industry and developing market for cannabis may result in management having to change focus and strategy and adapt to an evolving and changing market and industry. In addition, the Company will be susceptible to adverse developments in this new market and industry, the sole market in which it operates, such as new developments, changing demographics, changing regulatory regime and other factors.

If the Company is unable to successfully operate as a LP, this could substantially reduce its earnings and its ability to generate cash flow from its operations and may reduce the value of the common shares and adversely affect the Company's ability to raise additional capital.

Reliance on Third Party Suppliers, Manufacturers and Contractors

The Company's business is dependent on a number of fundamental inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for certain inputs could materially impact the business, financial condition and operating results of the Company. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such a source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms could result in a material adverse effect on the operations of the Company and materially adversely impact the business, financial condition and operating results of the Company.

Third Party Transportation

In order for customers of the Company to receive products from the Company, the Company must rely on third party mail and courier services. This can cause logistical problems with and delays in customers obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation and/or rising costs associated with these services may adversely affect the Company's financial performance.

Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financial condition and operating results of the Company. Any such breach could impact the Company's ability to continue operating under its Licences or impede the prospect of renewing its Licences.

Reputational Risk to Third Parties

The parties with which the Company does business may perceive that they are exposed to reputational risk as a result of the Company's cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on the Company.

Supply Shortages and Overages

The Company may not be able to obtain from third parties, or produce, enough cannabis to meet demand. This may result in lower than expected sales and revenue and increased competition for sales and sources of supply.

In the future, LPs in Canada may produce more cannabis than is needed to satisfy the collective demand of the Canadian adult-use and medical markets, and they may be unable to export the oversupply into other markets where cannabis use is also legal. As a result, the available supply of cannabis could exceed demand, resulting in a significant decline in the market price for cannabis. If such supply or price fluctuations occur, the Company's revenue and profitability may fluctuate materially and its business, financial condition, results of operations and prospects may be adversely affected.

In addition, demand for cannabis and cannabis products is dependent on a number of social, political and economic factors that are beyond the Company's control. A material decline in the economic conditions affecting consumers can cause a reduction in disposable income for the average consumer, change consumption patterns and result in a reduction in spending on cannabis products or a switch to other

products obtained through illegal channels. There can be no assurance that market demand for cannabis will continue to be sufficient to support the Company's current or future production levels.

Disruption of Supply Chain

Conditions or events including, but not limited to, those listed below could disrupt the Company's supply chains, interrupt operations at its facilities, increase operating expenses, resulting in loss of sales, delayed performance of contractual obligations or require additional expenditures to be incurred:

- (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.;
- (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "*Public Health Crises, including COVID-19*");
- (iii) political instability, social and labour unrest, war or terrorism; or
- (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

Public Health Crises, including COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus ("COVID-19"), a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, continued to disrupt the Company's operations during the year ended March 31, 2023.

The production and sale of cannabis and cannabis-derived products have been recognized as essential services across Canada; however, COVID-19 related challenges have persisted, including, but not limited to, reduced staffing levels, production inefficiencies resulting from increased health and safety measures, and limited supply chain issues.

Due to the ongoing developments and uncertainty surrounding COVID-19, it is not possible to predict the continuing impact that COVID-19 will have on the Company, its financial position, and/or its operating results in the future. In addition, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19, and the effect of any such changes could be material. The Company is closely monitoring the impact of COVID-19 on all aspects of its business.

Effectiveness of Quality Control Systems

The quality and safety of the Company's products are critical to the success of its business and operations. As such, it is imperative that the Company's (and its service providers') quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although the Company strives to ensure that all of its service providers have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on the business, financial condition and operating results of the Company.

Development of New Products and Technologies

The Company and its competitors are actively seeking to develop new products in order to keep pace with any new market developments and generate revenue growth. The Company may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The technologies, processes and formulations the Company uses may also face competition or become obsolete. Rapidly evolving markets, technology, emerging industry standards and frequent introduction of new products characterize the cannabis business. The introduction of new products and new technologies, including new manufacturing processes or formulations, and the emergence of new industry standards may render the Company's current products obsolete, less competitive or less marketable.

The process of developing new products is complex and requires significant continuing costs, development efforts and third-party commitments. The Company may be unable to anticipate changes in customer requirements that could make its existing technology, processes or formulations obsolete. The Company's success will depend on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. Failure to develop new technologies and products and the obsolescence of existing technologies or processes could adversely affect the Company's business, financial condition, results of operations and prospects.

Reliance on Skilled Workers and Equipment

The ability of the Company to compete and grow cannabis will be dependent on it having access to, at a reasonable cost and in a timely manner, skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of any major capital expenditures contemplated by the Company may be significantly greater than anticipated by management, and may be greater than funds available, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the operations and financial results of the Company.

Attraction and Retention of Key Personnel

The Company has a small management team and the loss of a key individual or inability to attract suitably qualified management could have a material adverse effect on the Company's business. While employment and management services agreements are customarily used as a primary method of retaining the services of key personnel, these agreements cannot assure the continued services of such persons.

The Company may also encounter difficulties in obtaining and maintaining suitably qualified staff in certain of the jurisdictions in which it conducts business. In addition, there is a risk that management or key personnel will fail to execute in their roles or falter in judgment in certain circumstances, all of which could have an adverse effect on the operations and financial results of the Company.

FINANCIAL RISKS

Compliance with TSX, OTCQX and OTCQB Requirements

On March 19, 2019, the common shares of Aleafia Health ceased trading on the TSXV and commenced trading on the TSX under the symbol "ALEF", which was subsequently changed to "AH" on May 27, 2020.

Aleafia Health is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including, but not limited to, the Canadian Securities Administrators, the TSX,

the OTCQB and the Ontario Securities Commission. These rules and regulations continue to evolve in scope and complexity, creating many new requirements.

On March, 22, 2022, Aleafia Health received notice from the OTCQX that its bid price had closed below US\$0.10 for more than 30 consecutive calendar days and no longer met the Standards for Continued Qualification for the OTCQX International tier. Aleafia Health has been given a 180 day cure period for its share price to trade above US\$0.10 for ten consecutive days. If, by September 19, 2022, Aleafia Health's bid price has not stayed at or above the US\$0.10 minimum for ten consecutive trading days, then its shares will be delisted from the OTCQX on September 21, 2022. However, Aleafia Health has instead been moved to the OTCQB as of September 21, 2022 where its common shares continue to trade.

On May 3, 2022, the TSX approved the application by the Company for an exemption from certain voting requirements relating to the Private Placement and Debenture Amendments on the basis of "financial hardship." As a result, the Company is subject to a remedial delisting review by the TSX which is anticipated to occur in September 2022. It is routine for the TSX to require any issuer utilizing the financial hardship exemption to be the subject of such a review. On September 16, 2022, the TSX announced that it would extend the delisting review period until November 29, 2022. On November 24, 2022, the TSX confirmed that it completed its delisting review and Aleafia Health satisfied the TSX's requirements to remain listed on the TSX.

Volatile Market Price of the Common Shares

The market price of the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of common shares to sell their securities for a profit, or at all. Market price fluctuations in the common shares may be due to the Company's operating results failing to meet expectations of securities analysts (including short-sellers) or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors.

Financial markets have historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies.

Accordingly, the market price of the common shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the common shares may be materially adversely affected.

Obligations as a Public Company

As a public company, Aleafia Health is subject to corporate governance and public disclosure requirements that may increase Aleafia Health's compliance costs and risk of non-compliance, which could adversely impact the price of the common shares.

Dilution

Aleafia Health's articles permit the issuance of an unlimited number of common shares and shareholders will have no pre-emptive rights in connection with such further issuance. Aleafia Health's may issue additional securities in the future, which may dilute a shareholder's holdings in Aleafia Health.

Cash Flow from Operations

Operating cash flow may decline in certain circumstances, many of which are beyond the Company's control. There is no assurance that sufficient revenues will be generated in the near future. Since the Company expects to continue incurring significant working capital investment to grow its revenue, the Company will continue to experience negative cash flow until it reaches a sufficient level of sales with positive gross margins to cover operating expenses. An inability to generate positive cash flow until the Company reaches a sufficient level of sales with positive gross margins to cover operating expenses or raise additional capital on reasonable terms may adversely affect the Company's viability as an operating business.

Additional Financing and Restrictions

The continued development of the Company may require additional financing. Even if its financial resources are sufficient to fund its current operations, there is no guarantee that the Company will be able to achieve its business objectives. The failure to raise additional capital could result in the delay or indefinite postponement of current business objectives or the Company becoming insolvent. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, on terms that are favourable or acceptable to the Company.

In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed in whole or in part, by debt, which may increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing.

Joint Venture Vehicles

The Company currently operates parts of its business through joint ventures with other companies, and it may enter into additional joint ventures and strategic alliances in the future. Joint venture investments may involve risks not otherwise present for investments made solely by the Company, including: control, additional expenditures, conflicting interests and exit strategy, which could have a material adverse effect on the Company, its financial condition and results of operations. In addition, the Company may, in certain circumstances, be liable for the actions of its joint venture partners.

Ability to Achieve or Maintain Profitability

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

Impact of the Illicit Supply of Cannabis

Despite the legalization of medical and adult-use cannabis in Canada, illegal operations remain. Illegal dispensaries and market participants may be able to:

- (i) offer products with higher concentrations of active ingredients that are either expressly prohibited or impracticable to produce under current Canadian regulations;
- (ii) use delivery methods, including certain edibles, concentrates and extract vaporizers, that we are currently prohibited from offering to individuals in Canada;

- (iii) use marketing and branding strategies that are restricted under the *Cannabis Act* and *Cannabis Regulations*; and
- (iv) make claims not permissible under the *Cannabis Act* and other regulatory regimes.

As these illicit market participants do not comply with the regulations governing the medical and adult-use cannabis industry in Canada, their operations may also have significantly lower costs.

As a result of the competition presented by the illicit market for cannabis, any unwillingness by consumers currently utilizing these unlicensed distribution channels to begin purchasing from LPs for any reason or any inability or unwillingness of law enforcement authorities to enforce laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products could:

- (i) result in the perpetuation of the illicit market for cannabis;
- (ii) adversely affect the Company's market share; and
- (iii) adversely impact the public perception of cannabis use and LPs, all of which could have a materially adverse impact on the Company's business, operations and financial condition.

Employee Health and Safety Regulations

The Company's operations are subject to laws and regulations concerning employee health and safety and the Company will incur ongoing costs and obligations related to compliance with such matters. Failure to comply with safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's manufacturing operations. In addition, changes in employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could result in a material adverse effect on the operations of the Company.

ENVIRONMENTAL RISKS

Environmental Regulations and Risks

The Company's operations are subject to environmental regulation federally and in the municipal and provincial jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards. They also set forth limitations on the generation, transportation, storage and disposal of waste. Environmental legislation is evolving in a manner which will require increasingly stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Risks Inherent in an Agricultural Business

The Company will be subject to the general risks inherent in the ownership and operation of the business of planting, growing, harvesting and marketing cannabis, which, as an agricultural product, is subject to the general risks associated with all agricultural products such as disease, insect pests, changes in raw material costs, the risk and uncertainties of planting, growing and harvesting, environmental matters, considerations relating to product quality, grading and branding, changes in laws and other general economic and market conditions.

Weather conditions and climate, which can vary substantially from year to year, may have a significant impact on the size and quality of the harvest of the crops processed and sold by the Company. Such adverse weather patterns could result in more permanent disruptions in the quality and size of the available crop, which could adversely affect the Company's business.

Like other agricultural products, the quality of cannabis grown outdoors is affected by weather and the environment, which can change the quality or size of the harvest. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that it would be less desirable to the Company's customers, which could result in a reduction in revenues. If such an event is also widespread, it could affect the Company's ability to acquire the quantity of products required by customers. In addition, other items can affect the marketability of cannabis grown outdoors, including, among other things, the presence of non-cannabis related material, genetically modified organisms and excess residues of pesticides, fungicides and herbicides.

OTHER RISKS

Competition

To date, Health Canada has issued hundreds of Licences to produce, cultivate and/or sell cannabis. As a result, the Company has significant competition from other companies, some of which have longer operating histories and greater financial resources, operating and marketing experience than the Company. Additionally, a large number of companies appear to be applying for production licences, some of which may:

- (i) have significantly greater financial, technical, marketing and other resources;
- (ii) be able to devote greater resources to the development, promotion, sale and support of their products and services; and
- (iii) have more extensive customer bases and broader customer relationships.

Should the size of the cannabis market increase as projected the demand for products will increase as well, and in order for the Company to be competitive it will need to invest significantly in research and development, marketing, production expansion, new client identification, and client support. If the Company is not successful in attaining sufficient resources to invest in these areas, the Company's ability to compete in the market may be adversely affected, which could materially and adversely affect the Company's business, its financial conditions and operations.

New Industry and Market

The Company's business as a LP represents a relatively new industry and nascent market. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business, a business involving an agricultural product and a regulated consumer product, the Company will need to build brand awareness in the new industry and market through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations, especially against competitors who have already spent some time building their brands. These activities may not promote the Company's brand and products as effectively as intended, or at all.

This new market and industry into which management is entering will have competitive conditions, consumer tastes, patient requirements and unique circumstances, and spending patterns that differ from existing markets. There are no assurances that this new industry and market will exist or grow as estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects this new market and industry may materially and adversely affect the business, financial conditions and results of operations of the Company.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination.

Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention.

Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if the Company is subject to a recall, the reputation of the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention, potential loss of applicable Licences and potential legal fees and other expenses.

Managing Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In order to manage growth and changes in strategy effectively, the Company must

- (i) maintain adequate systems to meet customer demand;
- (ii) expand sales and marketing, distribution capabilities and administrative functions; and
- (iii) attract and retain qualified employees, including in respect of its management team.

While it intends to focus on managing its costs and expenses over the long term, the Company expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities. The Company could also fail to successfully integrate acquired entities into the business of the Company.

Fraudulent or Illegal Activities by Employees, Contractors or Consultants

The Company's employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct that violates:

- (i) government regulations;
- (ii) manufacturing standards;
- (iii) federal and provincial healthcare fraud and abuse laws and regulations; or
- (iv) laws that require the true, complete and accurate reporting of financial information or data.

It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Insurance Coverage

The Company has insurance to protect its assets, operations, directors and employees. While the Company believes the insurance coverage addresses all material risks to which it is exposed and is adequate and customary in the current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed.

In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, the business, results of operations and financial condition could be materially adversely affected.

Litigation

The Company may become party to litigation from time to time in the ordinary course, which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the common shares and require the Company to devote significant resources to such matters. Even if the Company is involved in litigation and wins, litigation may redirect many of the Company's resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brands.

Conflicts of Interest

Certain directors and officers of the Company hold, and may in future hold, interests in other companies involved in the same or similar businesses to the Company and as such may, in certain circumstances, have a conflict of interest, which could be adverse to the Company and, whether the conflict of interest is real or perceived, put the reputation of the Company at risk.

Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the Company's governing corporate law statute which requires a director of a Company who is a party to, or is a director or an officer of, or has some material interest in any person who is a party to, a material contract or proposed material contract with the Company to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under applicable law.

Information Technology Systems and Cyber-Attacks

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

ADDITIONAL INFORMATION

Additional information regarding the Company, including in the Financial Statements and our most recent annual information form dated June 29, 2022 for the year ended March 31, 2022 (the "Annual Information Form"), is available under the Company's SEDAR profile at www.sedar.com.

SUBSEQUENT EVENTS

On June 6, 2023, Red White & Bloom Brands Inc. ("RWB") and Aleafia (the "Company") entered into a Binding Letter Agreement whereby RWB has agreed to acquire Aleafia and its subsidiaries in a business combination transaction (the "Proposed Transaction") to be completed by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario).

Under the terms of the Binding Letter Agreement, each outstanding common share in the capital of Aleafia (each, an "Aleafia Share") will be exchanged for 0.35 of a common share in the capital of the Company (each, an "RWB Share"), subject to customary adjustment (the "Exchange Ratio"). Upon the completion of the Proposed Transaction, existing RWB shareholders are expected to own approximately 76% of the Combined Company resulting from the Proposed Transaction (the "Combined Company") and Aleafia shareholders are expected to own approximately 24% of the Combined Company.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction, at which time additional information will be provided in a subsequent press release.

Summary of the Proposed Transaction

The Proposed Transaction is expected to be completed by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario). Under the terms of the Letter Agreement, RWB will acquire all of the issued and outstanding Aleafia Shares in exchange for RWB Shares on the basis of the Exchange Ratio. Outstanding options and warrants to purchase Aleafia Shares will become exercisable to acquire RWB Shares on the same terms and conditions, on the basis of the Exchange Ratio. Outstanding restricted and deferred share units of Aleafia will be settled upon closing in RWB Shares on the basis of the Exchange Ratio.

The Proposed Transaction will require the approval of: (i) two-thirds of the votes cast by shareholders of Aleafia, and, if required, (ii) a simple majority of the votes cast by minority Aleafia shareholders in accordance with Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”), at a special meeting of Aleafia shareholders expected to take place in the third quarter of 2023 (the “Aleafia Meeting”); (b) debenture holders of the requisite percentage of the principal amount of each series of Aleafia Convertible Debentures (“Debentureholder Approval”); and (c) if required, RWB shareholders at a special meeting of RWB shareholders expected to take place in the third quarter of 2023 (the “RWB Meeting”).

Completion of the Proposed Transaction will be subject to customary closing conditions and receipt of necessary court and regulatory approvals, including stock exchange approval. Subject to receipt of all necessary approvals, the Proposed Transaction is expected to close by on October 31, 2023 (the “Effective Time”). October 31, 2023 (the “Effective Time”).

A copy of the Letter Agreement will be filed on Aleafia and RWB’s SEDAR profiles at www.sedar.com. Prior to entering into a definitive arrangement agreement, all members of the board of directors of Aleafia, all officers of Aleafia and certain other security holders of Aleafia, will enter into customary support and voting agreements.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction on or before July 31, 2023. The Letter Agreement contains, and the arrangement agreement will continue to contain, standard non-solicitation and superior proposal provisions and a break fee of C\$2 million. The Letter Agreement includes, and arrangement agreement will continue to include other provisions such as conditions to closing the Proposed Transaction, and representations and warranties and covenants customary for arrangement agreements. Further details with respect to the Proposed Transaction will be included in the arrangement agreement and in an information circular to be mailed to Aleafia shareholders in connection with the Aleafia Meeting and to holders of Aleafia Convertible Debentures, as applicable, and to RWB shareholders in connection with the RWB meeting (if required). Once available, copies of the arrangement agreement and information circular will be filed on each of Aleafia and RWB’s SEDAR profiles at www.sedar.com, as applicable.

Concurrent with entering into the Binding Letter Agreement, the Aleafia Senior Secured Loan Agreement, made as of December 24, 2021, between Aleafia and certain subsidiaries as borrowers, with other subsidiaries as guarantors, and NE SPC II LP as lender, and subsequently amended on March 28, 2022, June 17, 2022, April 26, 2023, May 15, 2023, and May 31, 2023, was assigned by NE SPC II LP to RWB.

On June 6, 2023, concurrent with the execution of the Binding Letter Agreement Aleafia was advanced \$1.5 million.

As part of the Proposed Transaction, the Company expects to settle the 8.5% Series A Secured Convertible Debentures due June 30, 2024, the 8.5% Series B Secured Convertible Debentures due June 30, 2026, and the 8.5% Series C Secured Convertible Debentures due June 30, 2028 (collectively, the “Aleafia Convertible Debentures”) for an aggregate of \$6,000 at the Effective Time (subject to Debentureholder approval). The funding for the settlement of the Aleafia Convertible Debentures, along with the assignment of the Aleafia Senior Secured Loan Agreement, is intended to be funded through a new secured \$30,000 credit facility (the “New Credit Facility”). The New Credit Facility will also serve to support working capital requirements, growth initiatives, and the RWB Credit Facility, a \$17,500 credit facility being negotiated by RWB and Aleafia. The RWB Credit Facility will facilitate cash settlement, working capital requirements, and promissory note repayment, and will include covenants and reporting requirements.

The specific terms of the New Credit Facility and the RWB Credit Facility will be confirmed upon the execution of final funding agreements and the completion of the Proposed Transaction. These actions aim to enhance liquidity and improve financial flexibility by supporting working capital requirements and funding growth initiatives. The negotiations for the RWB Credit Facility are being conducted in accordance with customary practices and are expected to be finalized within 30 days.

As at the consolidated financial statements’ balance sheet date of March 31, 2023, the Proposed Transaction and the related subsequent events had not yet been completed. Consequently, the consolidated financial statements do not reflect the impact of the Proposed Transaction. The Company will reassess and determine the appropriate accounting treatment once the Proposed Transaction is finalized and all necessary approvals are obtained.



**ALEAFIA HEALTH INC.
CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)
For the Year Ended March 31, 2023 and 2022

AleafiaHealth.com

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Aleafia Health Inc.:

The accompanying consolidated financial statements of Aleafia Health Inc. and its subsidiaries (the "Company") were prepared by management, which is responsible for the integrity and fairness of the information presented, including the many amounts that out of necessity are based on estimates and judgements. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

In fulfilling its responsibilities, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of these consolidated financial statements.

The Board of Directors oversees the responsibilities of management for financial reporting through an Audit Committee, which is composed entirely of independent directors. This Audit Committee reviews the consolidated financial statements and recommends them to the Board of Directors for approval. They meet regularly with management to review internal control procedures and advise directors on accounting matters and financial reporting issues.

"Tricia Symmes"

Patricia Symmes-Rizakos
Chief Executive Officer

"Matthew Sale"

Matthew Sale
Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Aleafia Health, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Aleafia Health Inc. and its subsidiaries (collectively, the "Company"), which comprise the consolidated statement of financial position as at March 31, 2023 and 2022 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the 12-month and 15-month periods then ended, respectively, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2023 and 2022, and its consolidated financial performance and cash flows for the 12-month and 15-month periods then ended, respectively, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(c) in the consolidated financial statements, which indicates that the Company had an accumulated deficit of \$527.8 million and net working capital deficit of \$5.4 million as at March 31, 2023. These events or conditions, along with other matters as set forth in Note 2(c), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2023. The matter discussed below was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. The key audit matter to be communicated in our auditors' report is as follows:

Valuation of biological assets and cannabis inventory

We draw attention to Notes 2(f), 2(j), 7 and 8 to the consolidated financial statements. Biological assets are measured at fair value less cost to sell at the stage of completion. The Company values inventories of harvested bulk cannabis and finished goods at the lower of cost and net realizable value.

In estimating the fair value of biological assets, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, average yield per plant, harvesting costs, selling costs, selling price, and the allocation of indirect costs, which form part of the standard cost per gram to complete production. In calculating final inventory values, management is required to

determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value.

We identified measurement of the fair value of biological assets and net realizable value of cannabis inventory as key audit matters as a high degree of auditor judgment was required to evaluate the significant assumptions and estimates made by management.

Our audit response to the key audit matter was as follows:

- We performed sensitivity analyses over the Company's significant assumptions used to determine the fair value of biological assets to assess the impact of changes in those assumptions on the Company's determination of fair value.
- We tested the stage of growth by observing the plants at year-end.
- We tested the average expected yield per plant by comparing actual results of the current year to historical results of operations.
- We tested the average selling price per gram by comparing to estimates used by management to actual sales prices per gram in actual sales transaction during and subsequent to year-end.
- We also tested the net realizable value of inventory by comparing the carrying value of inventory to the prices earned from sales transactions near and subsequent to year-end.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management's Discussion and Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion on thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Christopher Hiestand.

Accell Audit & Compliance, PA

Tampa, Florida
June 13, 2023

ALEAFIA HEALTH INC.**Consolidated Statements of Financial Position**

As at March 31, 2023 and 2022

(Amounts reflected in thousands of Canadian dollars)

	Notes	March 31, 2023	March 31, 2022
		\$	\$
ASSETS			
Current			
Cash		465	1,347
Restricted cash		162	222
Marketable securities	3	70	1,190
Trade and other receivables, net	19	4,275	7,751
Net tax receivable	9	-	530
Prepays and deposits		1,867	2,952
Inventory, net	7	16,605	21,664
Biological assets	8	2,404	1,179
		25,848	36,835
Assets held for sale	22	10,000	-
Non-current			
Property, plant, and equipment, net	6	20,406	40,448
Right-of-use assets	5	1,280	1,844
Investments	4	2,391	2,391
		24,077	44,683
TOTAL ASSETS		59,925	81,518
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	9,238	23,999
Net tax payable	9	8,886	-
Lease liability	5	260	522
Credit facility	11	12,882	12,073
Convertible debt	13	-	36,401
		31,266	72,995
Liabilities held for sale	22	4,375	-
Non-current			
Lease liability	5	1,596	1,833
Convertible debt	13	27,172	-
Credit facility	11	-	5,075
Promissory notes	12	4,429	-
		33,197	6,908
TOTAL LIABILITIES		68,838	79,903
SHAREHOLDERS' EQUITY			
Share capital	14	408,674	404,341
Contributed surplus		110,223	90,477
Deficit		(527,810)	(493,203)
		(8,913)	1,615
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		59,925	81,518

COMMITMENTS AND CONTINGENCIES (Note 20)

GOING CONCERN (Note 2)

The accompanying notes are an integral part of these Consolidated Financial Statements.

Approved and authorized for issue on behalf of the board on June 13, 2023.

"David Pasioka"
David Pasioka, Chairman

"Lu Galasso"
Lu Galasso, Director

ALEAFIA HEALTH INC.**Consolidated Statements of Profit or Loss and Comprehensive Profit or Loss**

For the twelve months ended March 31, 2023 and fifteen months ended March 31, 2022

(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

	Notes	March 31, 2023	March 31, 2022
		\$	\$
Revenue		57,361	53,813
Excise taxes		14,514	10,691
Net revenue		42,847	43,122
Cost of sales		28,651	33,965
Gross profit before fair value adjustment		14,196	9,157
Fair value changes in biological assets and changes in inventory sold	8	1,019	(1,453)
Inventory provision	7	(9,216)	(19,648)
Gross profit (loss)		5,999	(11,944)
Operating expenses			
Selling, general and administrative expenses	15	18,221	34,127
Amortization and depreciation expense	5,6	3,373	9,468
Share-based compensation expense	14,16	1,944	2,899
Restructuring costs		397	-
Business transaction costs		502	5,026
Bad debt expense	19	217	1,868
		24,654	53,388
Other expenses (income)			
Interest expense		9,357	10,787
Fair value adjustments through profit and loss	2	1,108	15,505
Gain on marketable securities		-	-
Impairment of property, plant and equipment	6	5,578	28,800
Impairment of goodwill		-	11,314
Impairment of intangible assets		-	53,093
Gain on sale of assets		(91)	(12,092)
Other non-operating expenses		-	(18)
		15,952	107,389
Net loss before income taxes		(34,607)	(172,721)
Income tax			
Current income tax expense (recovery)		-	-
Deferred income tax expense (recovery)		-	(2,854)
Net loss and comprehensive loss		(34,607)	(169,867)
Net loss per share, basic and diluted	17	(0.09)	(0.52)
Weighted average common shares outstanding		386,358,769	327,012,541

The accompanying notes are an integral part of these consolidated financial statements.

ALEAFIA HEALTH INC.

Consolidated Statements of Changes in Shareholders' Equity

For the twelve months ended March 31, 2023 and fifteen months ended March 31, 2022

(Amounts reflected in thousands of Canadian dollars, except share and warrant amounts)

	Number of Shares	Common Shares	Contributed Surplus	Deficit	Total
	#	\$	\$	\$	\$
Balances, December 31, 2020	301,269,686	384,265	85,025	(323,336)	145,954
Issuance of common shares	27,777,500	18,894	3,836	-	22,730
Share issuance costs	-	(1,751)	37	-	(1,714)
Shares issued under stock option plan	781,250	959	(334)	-	625
Shares issued under deferred share unit plan	89,709	96	-	-	96
Shares issued from warrants issued	1,050,890	1,719	(958)	-	761
Restricted share units issued/released	155,316	159	(159)	-	-
Warrants issued	-	-	131	-	131
Share-based compensation expense	-	-	2,899	-	2,899
Net loss for the period	-	-	-	(169,867)	(169,867)
Balances, March 31, 2022	331,124,351	404,341	90,477	(493,203)	1,615

	Number of Shares	Common Shares	Contributed Surplus	Deficit	Total
	#	\$	\$	\$	\$
Balances, March 31, 2022	331,124,351	404,341	90,477	(493,203)	1,615
Share issuance costs	-	(1,511)	-	-	(1,511)
Shares issued under private placement	71,559,015	5,623	-	-	5,623
Shares issued under deferred share unit plan	24,816	152	-	-	152
Shares issued from conversion of convertible debentures	204,761	15	-	-	15
Equity portion of debt issuance	-	-	16,047	-	16,047
Restricted share units issued/released	250,983	54	(54)	-	-
Warrants issued	-	-	1,352	-	1,352
Share-based compensation expense	-	-	2,401	-	2,401
Net loss for the period	-	-	-	(34,607)	(34,607)
Balances, March 31, 2023	403,163,926	408,674	110,223	(527,810)	(8,913)

The accompanying notes are an integral part of these consolidated financial statements.

ALEAFIA HEALTH INC.

Consolidated Statements of Cash Flows

For the twelve months ended March 31, 2023 and fifteen months ended March 31, 2022
(Amounts reflected in thousands of Canadian dollars)

	2023	2022
	\$	\$
Operating activities		
Net profit (loss) for the period	(34,607)	(169,867)
Adjustments for non-cash items:		
Depreciation expense	6,565	10,446
Amortization expense	-	1,621
Share-based compensation expense	2,401	2,899
Interest expense	9,357	10,787
Bad debt expense	217	1,868
Fair value adjustments through profit and loss	1,108	15,505
Fair value changes in biological assets and changes in inventory sold	(1,019)	1,453
Gain on sale of property, plant and equipment	(91)	(12,092)
Impairment of property, plant and equipment	5,578	28,800
Impairment of intangible assets	-	53,093
Impairment of goodwill	-	11,314
Deferred income tax recovery	-	(2,854)
Inventory provision	9,216	19,648
	(1,275)	(27,379)
Changes in operating working capital:		
Trade and other receivables	1,259	(3,931)
Prepays and deposits	1,085	1,288
Inventory	(4,157)	(12,236)
Biological assets	(206)	869
Accounts payable and accrued liabilities	(9,600)	9,247
Net tax payable (receivable)	9,416	-
Net cash used in operating activities	(3,478)	(32,142)
Investing activities		
Proceeds from sale of property, plant, and equipment	227	-
Acquisition of property, plant, and equipment	(1,654)	(4,659)
Net cash used in investing activities	(1,427)	(4,659)
Financing activities		
Lease liability payments	(914)	(1,349)
Interest payments	(2,035)	(4,076)
Repayment of convertible debt	-	(25,650)
Borrowing from (repayment to) credit facility	(2,289)	16,418
Proceeds from issuance of promissory notes	4,500	-
Proceeds from the issuance of common shares	5,623	21,112
Warrants and stock options exercised	-	1,386
Conversion of convertible debt into equity	(286)	-
Debt issuance cost	(636)	-
Net cash provided by financing activities	3,963	7,841
Change in cash	(942)	(28,960)
Cash and restricted cash, beginning of period	1,569	30,529
Cash and restricted cash, end of period	627	1,569

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 Nature of Operations

The Company is a publicly traded corporation incorporated under the laws of Ontario. Aleafia Health's head and registered office is currently located at 85 Basaltic Road, Concord, Ontario, and its corporate website is www.AleafiaHealth.com.

The Company is a federally licensed Canadian cannabis company offering cannabis products in Canada and destined for international markets, including Australia and Germany. The Company operates a virtual medical cannabis clinic staffed by physicians and nurse practitioners which provide health and wellness services across Canada.

The Company operates three licensed cannabis production facilities all in the province of Ontario, including the largest, outdoor cannabis cultivation facility in Canada. The Company produces a diverse portfolio of cannabis and cannabis derivative products including pre-roll, milled, dried flower, vapes, oils, capsules, edibles, sublingual strips, and topicals, for sale in Canada in the medical and adult-use markets, and in select international jurisdictions.

The common shares of the Company commenced trading on the Toronto Stock Exchange ("TSX") (symbol "AH"), on May 27, 2020.

Note 2 Significant Accounting Policies and Judgments

IFRS requires management to make judgments, estimates, and assumptions that affect the carrying values of certain assets and liabilities and the reported amounts of income and expenses during the period. Actual results may differ from these judgments, estimates, and assumptions.

Significant accounting policies, which affect the consolidated financial statements as a whole, as well as key accounting estimates and areas of significant judgment are highlighted in this section. This note also describes change in accounting policies, new accounting standards, which have been adopted during 2023, and new accounting pronouncements, which are not yet effective but are expected to impact the Company's consolidated financial statements in the future. Accounting policies, estimates, or judgments that have a significant effect on the amounts recognized in the financial statements include the valuation of investments (Note 4), estimated useful lives of property, plant and equipment (Note 6), inventory (Note 7), biological assets (Note 8), convertible debentures (Note 13), share-based compensation (Note 14), and the fair value of financial instruments (Note 19).

a) Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC").

The Company's consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The amounts in the tables are expressed in Canadian dollars and rounded to the nearest thousand, unless otherwise stated.

The consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on June 13, 2023.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, which are entities controlled by the Company. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Such control is generally evidenced through ownership of more than 50% of the voting rights or through contractual arrangements. All intercompany transactions and balances have been eliminated. All subsidiaries, except for the holding companies and the inactive

subsidiaries, are actively engaged in carrying out the Company's business in the normal course and are domiciled in Canada.

The Company's subsidiaries during the year ended March 31, 2023 are as follows:

	Operating Status	Percentage Ownership
Aleafia Inc.	Active	100%
Canabo Medical Corporation ("Canabo")	Active	100%
Aleafia Farms Inc. ("Aleafia Farm")	Active	100%
Emblem Corp. ("Emblem")	Active	100%
Emblem Cannabis Corporation ("ECC")	Active	100%
GrowWise Health Limited ("GrowWise")	Active	100%
Emblem Realty Ltd. ("Emblem Realty")	Inactive	100%
Aleafia Brands Inc.	Inactive	100%
Aleafia Retail Inc.	Inactive	100%
2672533 Ontario Inc.	Inactive	100%
2676063 Ontario Inc.	Inactive	100%

c) Going concern assumption

The consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future.

The Company has experienced recurring losses, has a cumulative deficit of \$527,810 (March 31, 2022 – \$493,203) and net working capital deficit of \$5,418 (March 31, 2022 – deficiency of \$36,160). These factors indicate that there are material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on its ability to achieve profitable operations and/or raise equity or debt financing. There is no assurance that any necessary future financing will be sufficient to sustain operations until such time that the Company can generate sufficiently profitable operations to support its requirements.

The consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern, such adjustments could be material.

The proposed business combination transaction with Red White & Bloom Brands Inc. ("RWB"), along with the related subsequent events as described in Note 25, have the potential to significantly affect the Company's ability to continue as a going concern. Please refer to Note 25 for more details regarding this subsequent event.

The Company's objectives when managing its liquidity and capital resources are to ensure sufficient liquidity to meet its financial obligations and execute its operating and strategic plans for at least the next twelve months. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. The Company manages liquidity risk by exploring new debt and equity financing options, reviewing its capital structure to optimize the cost of capital, maintaining the continuity of equity and debt funding options, managing its non-cash current assets to ensure the timely conversion to cash, optimizing its fixed assets which in certain instances includes monetizing, and putting plans in place to meet its financial obligations as they come due.

The Company has multiple options which could potentially meet liquidity needs including converting its non-cash working capital to cash, selling non-core assets, issuing common shares via a public or private placement equity offering, and new debt financing options.

The Company's ability to meet its commitments to sustain operations and settle its obligations as they become due within the next twelve months and its exposure to liquidity risk is dependent on the Company's ability to:

- Realize cash flow from operations which is subject to significant judgements and estimates, the most significant of which is the Company's sales projections and its ability to realize its assets and discharge its liabilities in the normal course of business
- Remain in compliance with its credit facilities and convertible debenture covenants; and
- Raise additional debt and equity financing.

While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to obtain sufficient financing in the future on terms favourable for the Company.

d) COVID-19 estimation uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus ("COVID-19"), a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, continued to disrupt the Company's operations during the year ended March 31, 2023.

The production and sale of cannabis and cannabis-derived products have been recognized as essential services across Canada; however, COVID-19 related challenges have persisted, including, but not limited to, reduced staffing levels, production inefficiencies resulting from increased health and safety measures, and supply chain issues.

Due to the ongoing developments and uncertainty surrounding COVID-19, it is not possible to predict the continuing impact that COVID-19 will have on the Company, its financial position, and/or its operating results in the future. In addition, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19, and the effect of any such changes could be material. The Company is closely monitoring the impact of COVID-19 on all aspects of its business.

e) Cash and cash equivalents

Cash in the consolidated statements of financial position is comprised of cash in banks and on hand, and short-term deposits which are readily convertible into a known amount of cash and are subject to insignificant risk with respect to its value and liquidity.

f) Restricted cash

Restricted cash includes cash held as collateral against certain bank credit card facilities. It also includes Canadian bank issued preferred shares, which is subject to trading restrictions that are greater than 90 days.

g) Biological assets

The Company measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are recognized in the consolidated statements of loss and comprehensive loss. The Company capitalizes all the direct

and indirect costs as incurred related to the transformation of biological assets between the initial planting to the point of harvest including labour, labour related, fertilizer, utilities and facility costs and amortization of related production equipment. Seeds are measured at fair market value. Upon harvest, the fair value adjustments including all the capitalized costs are transferred from biological assets to inventory and form the cost basis of the inventory.

h) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining market prices. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is evidence of an increase in selling price, then the amount of the write-down previously recorded is reversed.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase include the purchase price, non-recoverable taxes, and transport, handling and other costs directly attributable to the acquisition of finished goods, materials or services. The costs of conversion include direct material and labour costs, and a systematic allocation of fixed and variable overheads incurred in converting materials into finished goods.

The Company's inventories include harvested bulk cannabis and finished goods, which are valued at the lower of cost and net realizable value. Harvested cannabis is initially recorded at fair value less costs to sell at the point of harvest, which becomes the inventory's cost. This fair value includes capitalized costs and unrealized fair value adjustments. Any subsequent post-harvest costs are capitalized to inventory to the extent that they are less than the net realizable value. The cost of fertilizers and nutrients includes the costs of purchases net of vendor allowances and other costs, such as transportation, that are directly incurred to bring the inventories to their present location and condition. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Storage costs, indirect administrative overhead, and certain other selling costs related to inventories are expensed in the period incurred.

i) Property, plant, and equipment

All items of property, plant and equipment are stated at historical cost, less any accumulated depreciation and any accumulated impairment losses. Historical cost includes all costs directly attributable to the acquisition.

Land is not depreciated. Depreciation of other items of property, plant and equipment is calculated on components that have homogeneous useful lives by using the straight-line method or declining balance method to depreciate the initial cost down to the residual value over their estimated useful lives, as follows:

Computer equipment and software	30% on a declining basis
Office furniture and equipment	20% on a declining basis
Buildings	25 years on a straight-line basis
Leasehold improvements	Straight-line over the remaining term of the lease

Useful lives, residual values and depreciation methods are reviewed at each year-end. Such a review takes into consideration the nature of the assets, their intended use and technological changes.

Gains or losses on disposals are determined as the difference between the proceeds and the carrying amount and

are recognized in "Other expenses (income)" in the consolidated statements of loss and comprehensive loss.

j) Leases

The Company leases some items of property, plant and equipment.

As is permitted under IFRS 16, the Company elected to expense its short-term leases (term of 12 months or less) and leases of low-value assets on a straight-line basis over the lease term.

For its other contracts, the Company assesses whether its new or amended contracts contain a lease.

A lease represents the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company assesses the following to determine whether a contract conveys the right to control the use of an identified asset:

- The identified asset is directly or indirectly specified in the contract, or it represents substantially all of the capacity of a physically distinct asset.
- The right of use covers substantially all of the economic benefits from the use of the identified asset for a period of time.
- The Company has the right to direct the use of the identified asset. In cases where the use is predetermined, the Company operates the asset or designed it in a way that predetermines how and for what purpose the asset will be used.

When a lease is identified, the Company allocates the consideration in the contract to each of the lease components, separately from the non-lease components, on the basis of their relative stand-alone price. However, as is permitted under IFRS 16, the Company elected to account for all contracts of land and buildings it occupies as leases.

A right-of-use asset (a "lease asset") and a lease liability are recognized in the statement of financial position at the lease commencement date.

k) Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease [i.e., the date the underlying asset is available for use]. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment.

l) Lease obligation

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

m) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting period. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from contributed surplus.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price on the date of issuance. As these awards can be settled in cash, the expense and liability are adjusted each reporting year for changes in the underlying share price.

n) Provisions

Provisions are recognized when it is probable that the Company is required to settle an obligation (legal or constructive), as a result of a past event, and the obligation can be reliably estimated. The provision represents the Company's best estimate of the amounts required to settle the obligation at the end of the reporting year. When a provision is determined using the expected cash flow method, the carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the amounts required to settle a provision are expected to be recoverable from a third party, a receivable is recognized when it is virtually certain reimbursement is receivable and the expected reimbursement can be reliably measured.

o) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

p) Income taxes

Current income taxes are the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted, and includes any adjustments to tax payable or receivable in respect of previous years. Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of the statements of financial position. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

q) Financial instruments

Financial assets and liabilities are initially measured at fair value. In the case of a financial asset not at fair value through profit and loss (“FVTPL”) transaction costs are included in the carry amount of the asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statements of loss and comprehensive loss. Financial assets are subsequently measured at:

- a. FVTPL
- b. Amortized cost
- c. Fair value through other comprehensive income (“FVOCI”)
- d. Equity instruments designated at FVOCI; or
- e. Financial instruments designated at FVTPL

Financial liabilities are subsequently measured at:

- f. FVTPL
- g. Amortized cost

The classification is based on whether the contractual cash flow characteristics represent “solely payment of principal and interest” as well as the business model under which the financial assets are managed. Financial liabilities held by the Company are initially measured at fair value and subsequently measured at amortized cost.

r) Impairment of non-financial assets

The carrying amounts of the Company’s non-financial assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or “CGU”). The recoverable amount of an asset or a CGU is the higher of its fair value, less cost to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

s) Impairment of financial assets

The Company assesses, on a forward-looking basis, the expected credit losses associated with its financial instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether the asset originated from a contract that is in the scope of IFRS 15 - Revenue from Contracts with Customers (IFRS 15) or if there have been significant increases in credit risk.

Accounts receivable - For accounts receivable and contract assets, the Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9 - Financial Instruments (IFRS 9), which requires the use of the lifetime expected loss provision for all accounts receivable and contract assets within the scope of IFRS 15. The Company has established a provision based on the Company’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash equivalents - For cash equivalents and short-term investments at amortized cost, the Company applies the general approach to providing for expected credit losses. These instruments are considered to be low credit risk, and

therefore, the impairment provision is determined using a 12-month expected credit loss basis.

t) Segment reporting

IFRS 8 - Operating Segments requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to the segment and to assessing its performance. The Company has one reportable segment, the cultivation of cannabis plants, and production and sale of cannabis flower, extracts and other derivatives, all of which supply four different sales channels: adult use, medical, international and wholesale.

u) Revenue recognition

The Company derives revenue primarily from the sale of cannabis and cannabis products. Revenue is recognized upon transfer of control of the promised goods and services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Performance obligations are satisfied, and revenue is recognized, either over time or at a point in time. Certain activities may give rise to deferred revenue, which are contract liabilities under IFRS 15 and relate to payments received in advance of performance under contracts with customers. Contract liabilities are recognized as revenue as (or when) the Company satisfies its performance obligations under the contracts.

Under bill-and-hold arrangements – whereby the Company bills a customer for product to be delivered at a later date – control typically transfers when the product is still in the Company’s physical possession, and title and risk of loss has passed to the customer. Revenue is recognized when all specific requirements for transfer of control under a bill-and-hold arrangement have been met. There are no bill and hold arrangements as at March 31, 2023.

The provision for sales returns is an estimate used in the recognition of revenue in connection with contract liabilities identified in contracts with customers. The Company has a return policy that allows wholesalers to return product within a specified period prior to, and subsequent to, the expiration date. Provisions for returns are recognized in the period in which the underlying sales are recognized, as a reduction of product sales revenue. The Company estimates provisions for returns based upon historical data to determine return percentages and current market conditions, representing management’s best estimate. Historical experience may not always be an accurate indicator of future returns, and therefore the Company continually monitors return provisions and adjusts when it believes that actual product returns may differ from amounts recorded.

Amounts disclosed as net revenue are net of sales tax, duty tax, allowances, returns provision, price adjustments, discounts and rebates.

Sale of cannabis: Revenue from the sale of cannabis is recognized when the Company transfers control to the customer upon delivery or the time of the product pickup from the Company’s facilities by the customer based on the contract-by-contract basis between the Company and the customer, or in the case of bill-and-hold arrangements, when specific requirements have been met.

Medical consultation: The Company provides medical services to patients on a scheduled appointment fixed fee basis. Performance of the service is considered complete at the conclusion of the appointment and revenue is recognized at a point in time.

Storage Revenue: Revenue from storage services is recognized over time as the services are provided, based on the agreed-upon storage rates and the passage of time.

Shipping Revenue: Revenue from shipping services is recognized when control of the goods has transferred to the

customer, typically upon delivery to the customer's specified destination.

Solar Panel Revenue: Revenue from the generation of electricity by the solar panels is recognized based on the actual amount of electricity generated.

v) Assets and liabilities held for sale

Assets and liabilities held for sale are no longer depreciated and are presented separately in the statement of financial position at the lower of their carrying amount and fair value less costs to sell. An asset is regarded as held for sale if its carrying amount will be recovered principally through a sale transaction, rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable.

w) Foreign currency translation

Transactions in foreign currencies are translated using the exchange rate prevailing at the date of the transaction. At each reporting date, foreign currency denominated monetary assets and liabilities are translated at year-end exchange rates. Exchange differences arising from the transactions are recorded in profit or loss for the period.

x) Future changes in accounting policies

The following IFRS standards have been recently issued by the IASB with an effective date after March 31, 2023, and have not yet been adopted by the Company. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded:

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

The amendments to IAS 1 clarify the requirements relating to determining whether a liability should be presented as current or non-current in the statement of financial position. Under the new requirements, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The Company will evaluate the potential impact of these amendments on the consolidated financial statements when they become applicable.

Amendments to IAS 8: Definition of Accounting Estimate

The amendments introduced a new definition for accounting estimates, clarifying that the estimates are monetary amounts in the financial statements that are subject to measurement uncertainty which is defined as an uncertainty that arises when monetary amounts in financial reports cannot be observed directly and must instead be estimated. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company will evaluate the potential impact of these amendments on the consolidated financial statements when they become applicable.

Amendments to IAS 1: Disclosure of Accounting Policies

The IASB has issued amendments to IAS 1 and IFRS Practice Statement 2 on the application of materiality to disclosure of accounting policies in deciding which accounting policies to disclose in the financial statements. The key amendments to IAS 1 include requiring companies to disclose their material accounting policies rather than their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events, or conditions are immaterial and need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events, or conditions are material to a company's consolidated financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company will evaluate the potential impact of these amendments on the consolidated financial statements

when they become applicable.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrowed the scope of certain recognition exemptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. A company applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendments will be effective for the annual period beginning on or after January 1, 2023, and the Company has chosen not to early adopt the amendments. The Company will evaluate the potential impact of these amendments on the consolidated financial statements when they become applicable.

As of March 31, 2023, the Company has not yet adopted the above-mentioned IFRS standards that have an effective date after this reporting period. The Company is currently evaluating the potential impact of these amendments on the consolidated financial statements and will adopt them when they become applicable in accordance with the relevant IFRS standards. The evaluation process includes assessing the potential impact on the Company's financial position, results of operations, and disclosures in the financial statements.

It should be noted that the potential impact of these amendments on the consolidated financial statements cannot be determined with certainty until the Company completes its evaluation process. Therefore, the Company cannot provide any assurance that the impact of these amendments will not be material to the consolidated financial statements in the period of initial application or in future periods.

This note is provided for informational purposes only and does not represent a comprehensive analysis of all potential accounting impacts that may arise from the adoption of these IFRS standards. The Company encourages users of its financial statements to refer to the full text of the applicable IFRS standards and related guidance for a more detailed understanding of the potential impact on its financial statements.

Note 3 Marketable Securities

As at March 31, 2023 and 2022, the Company held the following marketable securities:

Financial asset Hierarchy level	Level 1	Level 2	Level 3	Total
	WDSL	Millgauss	-	
	\$	\$	\$	\$
Balance, March 31, 2022	1,190	-	-	1,190
Additions (disposals)	-	-	-	-
Unrealized gain (loss) on changes in fair value	(1,123)	3	-	(1,120)
Balance, March 31, 2023	67	3	-	70

Financial asset Hierarchy level	Level 1	Level 2	Level 3	Total
	WDSL	Millgauss	-	
	\$	\$	\$	\$
Balance, December 31, 2020	6,615	-	-	6,615
Additions (disposals)	-	-	-	-
Unrealized gain (loss) on changes in fair value	(5,425)	-	-	(5,425)
Balance, March 31, 2022	1,190	-	-	1,190

On May 10, 2021, the Company, through its subsidiaries Canabo and GrowWise, sold certain clinic assets to Myconic Capital Corp (d.b.a Wellbeing Digital Sciences Limited "WDSL"). In exchange, WDSL issued 7,000,000 common shares with a fair value of \$12,250 at the time of closing. The sale resulted in the derecognition of assets and lease obligations with a net book value of \$586, resulting in a gain of \$12,092.

The shares are classified as fair value through profit and loss, and are categorized as Level 2 on the fair value hierarchy as they have quoted market prices in an active market.

On August 30, 2021, KetamineOne Capital Limited completed a spin-off of Milgauss Investments Ltd, and distributed one one-hundred-thenth of a Milgauss share and one new common share of KetamineOne for each KetamineOne share held before the effective date of the transaction. As part of the spin-off, the Company received 60,795 shares.

The shares are classified as fair value through profit and loss and are categorized as Level 2 on the fair value hierarchy due to the unavailability of some inputs in the market.

Note 4 Investments

One Plant (Retail) Corp. is a private Canadian company that focuses on cannabis retail business. The Company holds 9.4% of One Plant (Retail) Corp.'s common shares as an investment. The investment is accounted for under IFRS 9 - Financial Instruments and is initially recognized at cost, which includes the transaction costs directly attributable to the acquisition of the investment.

The Company evaluates its investment in One Plant (Retail) Corp. for impairment at each reporting date or when there is an indication of impairment. As of March 31, 2023, there is no indication of impairment, and the investment is carried at cost. No dividends have been received or recognized for the year ended March 31, 2023 and 2022.

Any future dividends received from One Plant (Retail) Corp. will be recognized in the Company's profit or loss as income when the right to receive payment has been established. Any transaction costs related to the disposal of the investment will be recognized in profit or loss when the disposal occurs.

Note 5 Right-of-Use Asset and Lease Liability

The changes in the carrying value of right-of-use assets are as follows:

Right-of-Use Asset	\$
Cost	
Balance, March 31, 2022	2,888
Revaluation	46
Terminations	(89)
Balance, March 31, 2023	2,845
Accumulated amortization	
Balance, March 31, 2022	1,044
Terminations	(67)
Amortization	588
Balance, March 31, 2023	1,565
Net book value, March 31, 2022	1,844
Net book value, March 31, 2023	1,280

The changes in the carrying value of current and non-current lease liabilities are as follows:

Lease Liability	\$
Balance, March 31, 2022	2,355
Revaluation	46
Terminations	(26)
Interest expense	395
Payments	(914)
Balance, March 31, 2023	1,856
Current portion	260
Non-current portion	1,596

Note 6 Property, Plant and Equipment

	Equipment and Furniture	Computer and Software	Land	Buildings and Leasehold Improvements	Total
	\$	\$	\$	\$	\$
Cost					
Balance, March 31, 2022	15,949	722	7,737	65,588	89,996
Additions	1,039	331	-	285	1,655
Disposals	(196)	(4)	-	-	(200)
Impairment loss	-	-	-	(5,578)	(5,578)
Transfer to assets held for sale	-	-	(1,051)	(20,388)	(21,439)
Balance, March 31, 2023	16,792	1,049	6,686	39,907	64,434
Accumulated depreciation					
Balance, March 31, 2022	12,100	372	-	37,076	49,548
Depreciation	1,960	139	-	3,879	5,978
Disposals	(57)	(2)	-	-	(59)
Transfer to assets held for sale	-	-	-	(11,439)	(11,439)
Balance, March 31, 2023	14,003	509	-	29,516	44,028
Net book value					
As at March 31, 2022	3,849	350	7,737	28,512	40,448
As at March 31, 2023	2,789	540	6,686	10,391	20,406

Depreciation relating to manufacturing equipment and production facilities for owned and right-of-use lease assets is capitalized to biological assets and inventory and is expensed to cost of sales upon the sale of goods.

During the year ended March 31, 2023, the Company recognized depreciation expense of \$5,978 (March 31, 2022 – \$12,093), of which \$3,150 (March 31, 2022 – \$4,417) was included in cost of sales, biological assets and inventory, and \$2,828 (March 31, 2022 – \$7,676) was included in operating expenses.

Note 7 Inventory

Inventory is comprised of the following items as at:

	March 31, 2023	March 31, 2022
	\$	\$
Finished goods	3,977	4,454
Work-in-progress	18,582	27,992
Supplies and consumables	3,127	2,940
Inventory provision	(9,081)	(13,722)
Total inventory	16,605	21,664

The inventory provision solely relates to work-in-progress inventory as of March 31, 2023, and 2022. It accounts for estimated losses due to obsolescence, slow-moving inventory, and other factors affecting the recoverability of the carrying amount, as determined by management.

Note 8 Biological Assets

Biological assets are valued in accordance with IAS 41. The Company's biological assets consist of cannabis plants. As there is no actively traded commodity market for these, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data which are considered level 3 inputs under IFRS. These inputs are subject to volatility in market prices and several uncontrollable factors could significantly affect the fair value of assets in the future. The fair value is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. The Company capitalizes all the direct and indirect costs as incurred related to the transformation of biological assets and measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year.

The Company's estimates are subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

The change in the carrying value of biological assets during the period area as follows:

	March 31, 2023	March 31, 2022
	\$	\$
Opening balance	1,179	2,511
Production costs capitalized	14,902	22,053
Changes in fair value less cost to sell due to biological transformation	5,158	1,333
Transferred to inventory upon harvest	(18,835)	(24,718)
Total biological assets	2,404	1,179

In determining the fair value of biological assets, management had made the following significant assumptions in the valuation model:

	March 31, 2023		March 31, 2022	
	Indoor	Outdoor	Indoor	Outdoor
Average fair value per gram (\$)	2.00	0.17	0.98	0.16
Average yield per plant (grams)	244	238	60	750
Average of growth cycle (weeks)	13	20	13	16

The Company values cannabis plants at fair value. Measurement of the biological transformation of the plant at fair value begins at the time of planting and is recognized evenly until the point of harvest. The number of weeks in the growing cycle is between thirteen and twenty weeks from propagation to harvest.

The Company estimates the harvest yields for the cannabis on plants at various stages of growth, based on expected yield of mature plants. As of March 31, 2023, it is expected that the Company's biological assets will yield 19,759 kg of cannabis when eventually harvested. The Company's estimates are, by their nature, subject to change, and differences from the expected yield will be reflected in the fair value adjustment to biological assets in future periods. The Company accretes fair value on a straight-line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 13-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value less costs to sell (subject to wastage adjustments).

The fair value adjustment to biological assets and inventory sold consists of the following for twelve and the fifteen months ended:

	March 31, 2023	March 31, 2022
	\$	\$
Change in fair value on growth of biological assets	1,380	1,333
Realized fair value amounts included in inventory sold	(361)	120
Fair value changes in biological assets and inventory sold	1,019	1,453

Note 9 Net tax payable (receivable)

Net tax payable (receivable) comprises the following items as at:

	March 31, 2023	March 31, 2022
	\$	\$
Sales tax payable (receivable)	286	(3,323)
Excise duty payable	9,423	3,616
Excise stamp deposit	(823)	(823)
Total net tax payable (receivable)	8,886	(530)

Note 10 Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities comprise the following items:

	March 31, 2023	March 31, 2022
	\$	\$
Trade payables	8,091	18,763
Accrued expenses	859	4,782
Provisions	288	454
Total accounts payable and accrued liabilities	9,238	23,999

Note 11 Credit Facilities

December 2021 Credit Facility - Current

On December 24, 2021, the Company entered into a new loan agreement that provides for a term facility of \$12,000 and access to a revolving facility up to \$7,000. The loans bear interest at a rate of the National Bank of Canada prime (with a floor of 3.45%) rate plus 9%, annually, with an effective interest rate of 14.8%. Under the agreement, the Company prepaid interest of \$749. The availability under the revolving facility is subject to an advance rate against certain accounts receivable balances.

The Company received net proceeds of \$10,798 on December 24, 2021.

The facility is secured by first lien mortgages on the Paris, Ontario and Grimsby, Ontario production facilities and certain equipment and a general security agreement on the Company.

On each of March 28, 2022 and June 17, 2022 the Company and the lender agreed to certain amendments to the agreement to provide for ongoing funding under the revolving facility despite one or more breaches of existing covenants.

The amortization of the credit facility as at March 31, 2023:

	\$
Balance, March 31, 2022	12,073
Interest expense	1,942
Fees	203
Drawdown	24,926
Repayment	(27,215)
Transfer to liabilities held for sale	(4,375)
Balance, March 31, 2023	7,554
Credit facility	7,755
Revolver	(201)
Balance, March 31, 2023	7,554

The following table provides a reconciliation of the credit facility balance reported on the balance sheet as of March 31, 2023:

	\$
December 2021 Credit Facility	7,554
August 2021 Credit Facility	5,328
Total credit facility, March 31, 2023	12,882

August 2021 Credit Facility - Current

On August 23, 2021, the Company entered into a secured Credit Agreement, to receive \$10,000 for working capital and general corporate purposes. The term of the loan was for one year with a fixed interest rate of 12% and an effective interest rate of 17.3%. Accrued interest may either be paid monthly in arrears or upon maturity of the facility. In addition, up to 1,000,000 common share purchase warrants with an exercise price of \$0.32 were granted and vest in four tranches of 250,000 quarterly commencing November 20, 2021. The warrants were ascribed a value of \$131,

using Black Scholes pricing model. The facility is secured by a first lien mortgage on the Port Perry, Ontario facility.

On December 24, 2021, the Company entered into an amendment with its lender to revise certain terms in the credit facility. Second lien mortgages were granted against the Paris, Ontario and Grimsby, Ontario production facilities. The maturity date was extended by approximately 16 months to December 24, 2023, the stated interest rate applicable changed to 12.45%, and the interest to begin paying in June 2022.

The Company made a principal repayment of \$5,000 against the credit facility, together with accrued interest and fees on January 7, 2022. The first tranche of the common share purchase warrants of 250,000 vested on November 20, 2021. Due to the early repayment, the second tranche vesting February 20, 2022, was reduced to 190,217 from 250,000. The third tranche of 125,000 common share purchase warrants of 250,000 vested on May 20, 2022 and the remaining 125,000 common share purchase warrants vested on August 20, 2022.

On December 24, 2021, the Company entered into an amendment with its lender to revise certain terms in the credit facility including the prepayment of one year of interest, from June 2022 to June 2023, in the amount of \$623.

The amortization of the credit facility as at March 31, 2023:

	\$
Balance, March 31, 2022	5,075
Interest accretion	876
Interest payment	(623)
Balance, March 31, 2023	5,328

Note 12 Promissory Notes

Promissory Note

On December 16, 2022, the Company issued a promissory note to receive \$1,000 for general corporate purposes. The note bears a fixed interest rate of 12.75% and an effective interest rate of 15.77%. The promissory note will be due and payable on December 31, 2024. The interest on the amount of the promissory note will accrue and be paid bi-monthly.

On January 24, 2022, the Company issued a promissory note to receive \$1,500 for general corporate purposes. The note bears a fixed interest rate of 12.75% and an effective interest rate of 15.09%. The promissory note will be due and payable on December 31, 2024. The interest on the amount of the promissory note will accrue and be paid bi-monthly.

On February 28, 2023, the Company issued a promissory note to receive \$2,000 for general corporate purposes. The note bears a fixed interest rate of 12.75% and an effective interest rate of 13.86%. The promissory note will be due and payable on December 31, 2024. The interest on the amount of the promissory note will accrue and be paid bi-monthly.

The amortization of the promissory notes as at March 31, 2023 is as follows:

	\$
Proceeds from issuance on December 16, 2022	1,000
Proceeds from issuance on January 24, 2023	1,500
Proceeds from issuance on February 28, 2023	2,000
Transaction costs	(80)
Interest accretion and amortization of transaction costs	102
Balance, March 31, 2023	4,522
Interest payable included in accounts payable and accrued liabilities	93
Promissory note	4,429
Balance, March 31, 2023	4,522

Note 13 Convertible Debt

Aleafia Convertible Debt

In June 2019, the Company issued 40,250 additional convertible debentures units (the “**Aleafia Convertible Debt Unit**”) for gross proceeds of \$40,300 (the “**June 2019 Convertible Debenture**”). The Aleafia Convertible Debt Unit consists of one \$1,000 principal amount of unsecured convertible debenture of the Company and 680 common share purchase warrants, under the following terms:

- A maturity date of June 27, 2022,
- An interest rate of 8.5% per annum, payable semi-annually,
- Convertible at \$1.47 per share until June 27, 2022, at the option of the holder, and
- The Company may accelerate the expiry date of the common share purchase warrants with not less than 30 days’ notice, should the daily volume weighted average trading price of the outstanding common shares of the Company on the TSX be greater than \$3.10 for 20 consecutive trading days.

During 2019, Debenture holders converted \$2,900 debentures to common shares. Accordingly, the remaining principal balance to be paid upon maturity is \$37,350.

During the year ended March 31, 2022, Debenture holders converted \$301 debentures to 204,751 common shares. Accordingly, the remaining principal balance to be paid upon maturity is \$37,049.

On June 23, 2022, the Company amended key commercial terms of its unsecured convertible debenture (Debenture Amendments), maturing June 27, 2022. The amendment includes, among other things, exchanging the current convertible debentures for new convertible debentures with maturities in two, four and six years. The interest rate remains the same at 8.5%, with payment in kind with additional new convertible debentures and a reduction in the conversion price from \$1.47 to \$0.25 for the debentures expiring in 2024, \$0.30 for the debentures expiring in 2026, and \$0.35 for the debentures expiring in 2028.

The Debenture Amendments were effected by the exchange of the outstanding \$37,049 principal amount of unsecured convertible debentures for new, secured convertible debentures, which were issued to existing debenture holders in three equal, separate series (each, a “Series”): (a) 8.50% Series A Secured Debentures Due June 30, 2024 (the “**Series A Debentures**”), (b) 8.50% Series B Secured Debentures Due June 30, 2026 (the “**Series B Debentures**”), and (c) 8.50% Series C Secured Convertible Debentures Due June 30, 2028 (the “**Series C Debentures**” and, collectively with the Series A Debentures and the Series B Debentures, the “**New Debentures**”).

The interest rate remains at 8.5%, with no mandatory cash interest payment for either 24 and 30 months depending on the length of the term, as interest will be paid-in-kind with additional New Debentures (the “**PIK Interest**”) during these periods.

In addition, \$2,387 principal amount of Series C Debentures were issued as consideration for the consent fee payable to debenture holders who consented in favour of the extraordinary resolution approving the Debenture Amendments.

Following the closing of the Debenture Amendments, the following New Debentures are issued and outstanding on the following terms:

New Debenture	Initial Principal Amount	Maturity Date	Conversion Price
Series A Debentures	\$12,350	June 30, 2024	\$0.25
Series B Debentures	\$12,350	June 30, 2026	\$0.30
Series C Debentures	\$14,736	June 30, 2028	\$0.35

The New Debentures are secured against certain assets of the Company and are fully subordinated to the Company’s existing credit facilities. The Company is not permitted to incur further senior secured indebtedness, subject to certain exceptions, including to fund working capital, capital expenditures, and acquisitions.

The below table summarizes the changes in the total consolidated convertible debentures.

	\$
Balance, March 31, 2022	36,401
Interest accretion	4,076
Conversion into equity	(301)
Derecognition of June 2019 Convertible Debenture	(40,175)
Transaction costs	(636)
Issuance of New Debentures	24,128
Balance, June 30, 2022	23,493
Interest accretion	3,679
Balance March 31, 2023	27,172

The modifications to the June 2019 Convertible Debenture were determined to be substantial and therefore accounted for as an extinguishment.

The liability component of the New Debentures is recorded at the present value of the future interest and principal payments using the discount rate of 19.5%. The equity component represents the residual amount attributed to the Company’s liability to equity conversion option amounting to \$16,047 and is recorded in the contributed surplus in the interim condensed consolidated statements of financial position.

Note 14 Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and Outstanding

As at March 31, 2023, there were 403,143,926 common shares issued and outstanding.

During the year ended March 31, 2023, the Company issued 68,151,515 common shares at a price of \$0.0825 plus 3,407,500 common shares as finder's fee, by way of a private placement offering on June 24, 2022, resulting in net proceeds of \$5,623. Each common share also has one half of one common share purchase warrant (refer to "warrant" section below).

Stock Options

The Company has adopted a stock option plan (the "Plan"), providing the Board of Directors with the discretion to issue an equivalent number of options of up to 20% of the issued and outstanding share capital. Stock options are granted with an exercise price of not less than the closing share price of the day preceding the date of grant.

The total stock option expense recognized as share-based compensation expense for the year ended March 31, 2023 was \$1,571 (March 31, 2022 – \$2,607).

The following table summarizes information relating to outstanding and exercisable stock options as at March 31, 2023:

	Options	Weighted average exercise price
	#	\$
Balance December 31, 2020	26,260,632	1.06
Granted	11,564,000	0.39
Exercised/released	(781,250)	0.65
Forfeited/cancelled	(2,468,385)	0.76
Expired	(4,238,551)	0.46
Balance, March 31, 2022	30,335,946	0.88
Vested, March 31, 2022	23,059,947	1.03
Unvested, March 31, 2022	7,275,999	0.41
Granted	29,004,000	0.09
Forfeited/cancelled	(6,170,175)	0.35
Expired	(250,000)	0.56
Balance, March 31, 2023	52,919,771	0.51
Vested	40,322,396	0.64
Unvested	12,597,375	0.10
Balance, March 31, 2023	52,919,771	0.51

The fair values of the stock options granted during the year ended March 31, 2023 and 2022, were estimated using the Black-Scholes option pricing model with following weighted average assumptions:

	2023	2022
Weighted average share price	\$0.05	\$0.21
Weighted average risk-free interest rate	2.87%	0.69%
Weighted expected life-years	3.2 years	2.8 years
Weighted average expected daily volatility	87.5%	87.0%
Weighted expected dividends	0.00%	0.00%
Forfeiture rate	5.65%	0.00%

The volatility assumption is based on an analysis of historical volatility over a period equivalent to the life of the options.

The following table summarizes the outstanding and exercisable options held by directors, officers, employees and consultants as at March 31, 2023:

Exercise Price Range	Outstanding			Exercisable	
	Number of Options	Remaining Contractual Life	Weighted average exercise price	Number of Options	Weighted average exercise price
\$		Years	\$		\$
0.05 - 0.07	8,885,000	4.48	0.05	4,032,750	0.05
0.08 - 0.11	16,576,00	4.07	0.10	9,567,500	0.10
0.12 - 0.42	9,603,000	3.33	0.36	8,931,125	0.36
0.43 - 1.02	7,050,500	1.15	0.64	6,985,750	0.64
1.03 - 2.65	10,805,27	1.00	1.54	10,805,271	1.54
	52,919,771	2.99	0.51	40,322,396	0.64

The following table summarizes the outstanding and exercisable options held by directors, officers, employees and consultants as at March 31, 2022:

Exercise Price Range	Outstanding			Exercisable	
	Number of Options	Remaining Contractual Life	Weighted average exercise price	Number of Options	Weighted average exercise price
\$		Years	\$		\$
0.13 - 0.50	11,949,000	4.17	0.38	5,739,750	0.41
0.51 - 1.00	7,193,250	2.10	0.67	6,376,500	0.68
1.01 - 1.50	6,839,690	2.21	1.08	6,589,691	1.08
1.51 - 2.00	749,006	1.60	1.58	749,006	1.58
2.00 - 2.65	3,605,000	1.64	2.44	3,605,000	2.44
	30,335,946	2.88	0.88	23,059,947	1.03

Restricted Share Units (“RSUs”)

The Company has a restricted share unit plan (the “RSU Plan”). For each RSU granted under the plan, the Company recognizes an expense equal to the market value of a common share at the date of grant based on the number of RSUs expected to vest over the term of the vesting period, with a corresponding credit to equity for share-based compensation expense anticipated to be equity settled. RSUs under the RSU plan may vest immediately or become exercisable in various increments based on conditions as determined by the Board. In determining the amount of share-based compensation, the Company used the closing price of the common shares on the RSU grant date.

During the year ended March 31, 2023, 2,000,000 RSUs were granted (March 31, 2022 – 1,274,000). The total RSU expense recognized as share-based compensation expense for the year ended March 31, 2023 was \$126 (March 31, 2022 – \$292).

A summary of the RSUs granted and outstanding as at March 31, 2023 and 2022, is as follows:

	#
Balance, December 31, 2020	–
Granted	1,274,000
Exercised/released	(335,250)
Forfeited	(214,083)
Balance, March 31, 2022	724,667
Granted	2,000,000
Exercised/released	(661,417)
Cancelled/forfeited	(127,500)
Balance, March 31, 2023	1,935,750

There are no RSU's exercisable as they are issued as common shares upon vesting.

Deferred Share Unit Plan for Directors

At the Company's annual general meeting on June 30, 2020, shareholders passed a resolution approving the Company's deferred share unit plan (the "DSU Plan"), which was implemented during the year ended December 31, 2020.

The purpose of the DSU Plan is to promote a greater alignment of long-term interests between eligible participants (being non-executive directors only) and the Company and its shareholders, to provide a compensation system for non-employee directors that, together with other director compensation, is reflective of the responsibility, commitment and risk accompanying membership on the Board and the performance of the duties required of the various committees of the Board. The deferred share units are settled in shares.

A summary of the DSUs granted and outstanding as at March 31, 2023 and 2022 is as follows:

	#
Balance, December 31, 2020	148,431
Granted	2,229,549
Exercised/released	(347,947)
Balance, March 31, 2022	2,030,033
Granted	7,494,704
Balance, March 31, 2023	9,524,737

There are no DSU's exercisable as they are issued as common shares upon vesting.

Warrants

The Company has the following warrants outstanding as at March 31, 2023 and 2022:

	Warrants outstanding #	Weighted average exercise price \$
Balance, December 31, 2020	50,221,974	1.17
Issued	15,316,000	0.99
Exercised	(1,050,890)	0.75
Expired	(8,331,652)	0.74

Balance, March 31, 2022	56,155,432	1.19
Issued	34,325,758	0.10
Expired	(43,410,215)	1.38
Outstanding and exercisable, March 31, 2023	47,070,975	0.29

In conjunction with the issuance of common shares under the private placement, each holder received one half of one common share purchase warrant. A total of 34,075,758 were issued with an exercise price of \$0.1025, expiring June 24, 2026. The expiry date may be accelerated by the Company at any time and upon 30 days' notice if the closing price of the common shares on the Toronto Stock Exchange is greater than \$0.165 for any 10 consecutive trading day after the four-month lock up period and prior to the expiry of the warrants.

In addition to these warrants, the Company has 12,305,500 warrants set to expire on May 29, 2023, and 690,217 warrants set to expire on August 20, 2023.

Note 15 Selling, General and Administration Expense

	March 31, 2023	March 31, 2022
	\$	\$
Wages and benefits	8,901	17,367
Marketing	2,463	3,058
Information technology	1,099	2,262
Regulatory and licensing	3,436	1,733
Professional fees	95	40
Facility costs	1,035	2,228
General and administrative expenses	1,192	7,439
	18,221	34,127

Note 16 Key Management Compensation

Key management includes directors and key executives of the Company.

For the year ended March 31, 2023 and 2022, the Company had the following transactions with the officers and directors of the Company:

	March 31, 2023	March 31, 2022
	\$	\$
Wages and benefits: Directors	-	827
Wages and benefits: Management	1,380	3,247
Share based compensation: Directors	457	57
Share based compensation: Management	991	1,680
Termination benefits: Management	-	730
	2,828	6,541

As at March 31, 2023, an amount of \$16 (March 31, 2022 – \$429) was due to directors and management. These amounts are non-interest bearing, unsecured, due on demand and included in accounts payable and accrued liabilities on the consolidated statements of financial position.

Note 17 Loss per Share

Loss per common share is calculated using the weighted average number of common shares outstanding. The weighted average number of shares outstanding for the year March 31, 2023 was 386,358,769 (March 31, 2022 – 327,012,541).

Diluted income per common share is calculated using the weighted average number of common shares outstanding taking into consideration the weighted average impact of dilutive securities. All of the Company's potentially dilutive securities are anti-diluted during the periods presented due to losses incurred.

Note 18 Management of Capital

The Company's objectives when managing capital are to:

- sustain a sufficient capital base to maintain investor, creditor, supplier, and customer confidence; and
- sustain the future development of the business.

The Company does not have any externally imposed capital requirements to which it is subject.

The Company defines capital as the aggregate of its shareholders' equity, credit facilities, lease liabilities, promissory note, and convertible debt. The Company manages the capital structure and adjusts it to reflect changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash. In the current period, the Company manages its capital with a heightened focus on maintaining and improving its liquidity. For the year ended March 31, 2023, there has been no other significant changes to the management of capital.

Note 19 Financial Instruments and Financial Risks

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, restricted cash, marketable securities, trade and other receivables, investments, accounts payable, lease liability, promissory note, and convertible debt. The following table summarizes the carrying values of the Company's financial instruments by measurement category:

	March 31, 2022	March 31, 2022
	\$	\$
Fair value through profit and loss (cash, restricted cash, and marketable securities)	697	2,759
Assets, amortized cost (trade receivables, net tax receivable, and investments)	6,666	10,672
Liabilities, amortized cost (accounts payable, net tax payable, lease liability, credit facilities, liabilities held for sale, promissory note and convertible debt)	68,838	79,903

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
- Level 3 - Inputs that are not based on observable market data

The following table sets out for the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as at March 31, 2023 and March 31, 2022:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	465	-	-	465
Restricted cash	162	-	-	162
Marketable securities	65	5	-	70
Total, March 31, 2023	692	5	-	697

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	1,347	-	-	1,347
Restricted cash	222	-	-	222
Marketable securities	1,185	5	-	1,190
Total, March 31, 2022	2,754	5	-	2,759

The carrying value of trade receivables, accounts payable and net tax payable are a reasonable approximation of their fair value due to their short-term nature. The carrying value of lease liability, credit facilities, promissory notes and convertible debt are a reasonable approximation of their value based on market interest rates for similar instruments as at March 31, 2023.

Assets Held for Sale

The fair value of assets held for sale, primarily comprising the land and building of the Grimsby greenhouse facility, is determined based on Level 3 inputs within the fair value hierarchy. The fair value measurement incorporates various factors, including third-party valuation reports, advisor opinions of value, the range of purchase proposals received, and comparisons to comparable asset sale list prices and actual sale prices. These inputs are used to formulate the fair value less cost to sell.

Risk Management

Effective risk management is fundamental to the success of the organization and is recognized as key in the Company's overall approach to strategy management. The Company has a strong, disciplined risk culture where managing risk is a responsibility shared by all of the company's employees.

The primary goals of the risk management are to ensure that the outcomes of risk-taking activities are consistent with the Company's strategies and the risk appetite and that there is an appropriate balance between risk and reward in order to maximize shareholder value.

The Company has identified the below potential risk categories:

a) Currency risk

The Company's revenues and expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary assets or liabilities and has few

transactions denominated in a currency other than Canadian dollars. During the twelve months ended March 31, 2023, there has been no change to the management of this risk.

b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits, the variable rate of interest applicable to the \$12,000 term facility, and the drawn amount on the revolving facility. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term in nature. The interest rate risk on convertible debt is insignificant due to the fixed rate of interest on convertible debt. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company monitors interest rates and may enter into derivative instruments to hedge interest rate risk should it deem it economically efficient.

c) Investment risk

The Company is exposed to investment risk arising from its holdings in various securities, including publicly traded securities and a long-term investment in a privately held company. Investment risk encompasses a range of factors that could impact the value and performance of these securities.

The Company's investments in publicly traded securities are subject to market-related risks, including share price volatility and fluctuations. These risks are influenced by factors such as market conditions, investor sentiment, economic trends, and company-specific developments. The Company monitors market conditions, including share price movements, and evaluates the performance of its investments regularly. By staying informed about market trends and conducting ongoing evaluations, the Company aims to make informed investment decisions and manage risks effectively.

The Company holds a long-term investment in a privately held retail company, which introduces investment risks. These risks include factors such as business performance, market dynamics, regulatory changes, competitive landscape, and other industry-specific risks. The value and success of the investment are dependent on the ability of the underlying company to achieve its strategic objectives and generate sustainable returns. The Company regularly monitors the performance and prospects of this investment, market conditions, and industry-specific risks affecting the investment and incorporates risk assessments into its investment strategies.

It is important to note that investment risk cannot be completely eliminated, as it is inherent in the investment process. The Company recognizes that investments carry inherent uncertainties, and actual outcomes may differ from estimates and projections. Therefore, the Company remains diligent in its investment activities, continuously evaluates investment opportunities, and adjusts its investment strategy as necessary to navigate investment-related risks effectively.

d) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash, trade and other receivables and marketable securities. The risk exposure is limited to their carrying values reflected on the consolidated statements of financial position. To minimize the credit risk the Company places these instruments with a high-quality financial institution. There are no expected credit losses with respect to cash and as the Company does not invest in asset backed investments. To manage and mitigate credit risk in respect of certain trade receivables with other Canadian licensed producers, the Company has the option in certain cases to receive product in kind.

The expected credit losses of trade and other accounts receivables was assessed based on the expected loss model in compliance with IFRS 9. Individual receivables that were known to have incurred credit losses are written off by reducing the carrying amount directly, and this is reevaluated and subject to change as the Company reevaluates its credit risk exposure. Pursuant to their collective terms, trade accounts receivable, were aged as follows:

	March 31, 2023	March 31, 2022
	\$	\$
Current	2,787	6,363
0 – 30 days past due	512	250
31 – 60 days past due	248	95
61 – 90 days past due	156	69
90 + days past due	1,184	1,176
Provision for credit losses	(871)	(654)
Other receivables	259	452
Total	4,275	7,751

The following table shows the changes in the provision for credit losses for trade and other receivables:

	March 31, 2023	March 31, 2022
	\$	\$
Opening balance	654	762
Write-offs	-	(1,976)
Expected credit losses	217	1,868
Total	871	654

The standard payment terms applicable to most customers are between 30 – 60 days upon receipt of goods. There is negligible credit risk with respect to other receivables, as they primarily originate from government agencies, national insurance companies and a credit card company.

The Company has concentration risk, as approximately 82% (March 31, 2022 – 76%) of total revenue came from three (March 31, 2022 – three) customers and approximately 59% (March 31, 2022 – 79%) of total trade accounts receivable is due from three (March 31, 2022 – three) customers.

During the year, the Company settled \$2,000 in accounts payable by delivering its products to a counterparty from whom the Company had made purchases, resulting in an equivalent accounts receivable balance. This transaction led to the offsetting of accounts receivable and accounts payable, effectively setting them to zero. Consequently, no cash flow was generated from the bulk wholesale revenue, and both the accounts payable and accounts receivable were fully eliminated.

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has experienced recurring losses and has a cumulative deficit of \$527,810. For the year ended March 31, 2023, cash flow from operations is negative. Refer to note 2, Going Concern.

As at March 31, 2023, the Company has total current assets of \$25,848 (March 31, 2022 – \$36,835) and total current liabilities of \$31,266 (March 31, 2022 – \$72,995), providing for net current liability of \$5,418 (March 31, 2022 – net current liability of \$36,160). The significant change during the year March 31, 2023 is a result of the extinguishment of the June 2019 Convertible Debenture.

The Company has the following undiscounted future payments for convertible debenture, credit facilities, lease obligations, loan payable, and purchase commitments as at March 31, 2023:

	within 1 year	2 years	3 years	4 years	5 years and thereafter
	\$	\$	\$	\$	\$
Convertible debenture	-	12,350	-	12,350	14,736
Credit facilities	12,882	-	-	-	-
Lease obligations	260	1,072	511	11	2
Promissory note	-	4,500	-	-	-
Purchase commitments	506	-	-	-	-
Total	13,648	17,922	511	12,361	14,738

Note 20 Commitments and Contingencies

In the ordinary course of business, from time to time, the Company may be involved in various claims related to its commercial and/or corporate activities. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these consolidated financial statements.

Certain of Emblem Corp.'s former executives have been named in a claim commenced March 20, 2015, in the Ontario Superior Court of Justice that also identifies Emblem Corp. and Emblem in relation to certain services provided to the parties by an individual. The plaintiff has claimed \$10,000 in damages. The claim is being contested and is expected to proceed to trial circa 2024 if an early settlement is not achieved. The outcome of this legal matter is subject to negotiations by the officers of the Company and the Company believes it is unlikely to be impacted and accordingly, no amount has been provided for. A separate claim was also initiated by Amos Tayts on March 22, 2019, in the Ontario Superior Court of Justice against Emblem and Emblem Corp. arising out of the same facts and seeking the same damages. It is also being contested.

On June 16, 2020, a class-action lawsuit was issued in Calgary, Alberta by Lisa Marie Langevin as the proposed representative plaintiff. The claim has been filed against most of the cannabis manufacturers in Canada and includes, among the many defendants, Emblem Corp. and Aleafia Health. The claim alleges that the THC and CBD levels in the products manufactured and/or sold by the defendants differed from what was represented on packaging, specifically alleging that THC and CBD levels were found to be significantly higher than indicated in some products while others may have had significantly lower levels. The action is seeking \$500,000 (or such other amount as may be proven at trial) for all Canadians who purchased medicinal cannabis products on or after June 16, 2010, as well as Canadians who legally purchased cannabis for recreational purposes on or after October 17, 2018. The claim also seeks \$5,000 in punitive damages. Ms. Langevin has not alleged that she ever purchased product from Emblem or Aleafia Health. The case is at its earliest stages. The Company believes it has good defenses to the claim and intends to vigorously defend the claim. Accordingly, at this stage no amount has been provided for in the consolidated statements of financial position in respect of this claim.

On February 8, 2023, the Company received a letter from the Canada Revenue Agency ("CRA") with respect to Emblem Cannabis Corporation's previously filed Canada Emergency Wage Subsidy ("CEWS") for the period between March 15, 2020 and March 13, 2021. The CRA has audited said periods for Emblem Cannabis Corporation and has proposed a claw back in the amount of \$3,200 related to the CEWS funds provided to the Company. The Company is actively reviewing the CRA's findings and intends to file a Notice of Objection. Based on the Company's records and external advice, it remains of the belief that it is owed the full amount of the previously claimed and received

CEWS funds. At this time, it is not possible to make a reasonable and reliable estimate of the likelihood of the outcome of the dispute. Accordingly, the Company has not accrued for any potential disallowed CEWS claims in the period. The Company will continue to assess the matter as the dispute resolution progresses.

Note 21 Income Taxes

The Company has non-capital losses carried forward of approximately \$263,000 available to reduce income taxes in future years which expire from 2030 to 2041. The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates for the twelve and fifteen months ended, respectively:

	March 31, 2023	March 31, 2022
	\$	\$
Loss and comprehensive loss for the year	(34,607)	(169,867)
Canadian statutory income tax rate	26.5%	26.5%
Income tax recovery at statutory rate	(9,171)	(45,015)
Effect of income taxes of:		
Permanent differences and other	1,583	17,105
Change in deferred tax assets not recognized	7,588	25,056
Deferred income tax (recovery)	-	(2,854)

The temporary differences that give rise to significant portions of the deferred tax assets and liabilities are presented below:

	March 31, 2023	March 31, 2022
	\$	\$
Non-capital loss carry forwards	76,253	69,719
Property, plant, and equipment	2,488	(541)
Investment	(634)	(634)
Biological assets and inventory	4,998	6,053
Intangible assets	-	-
Convertible debentures	(3,250)	(252)
Lease liability IFRS 16	492	624
Share issue costs	990	1,320
Deferred tax assets not recognized	(81,337)	(76,289)
Deferred income tax assets (liability)	-	-

Note 22 Segment Reporting

An operating segment is a component of an entity for which separate financial information is available and whose operating results are reviewed regularly by the entity's chief operating decision maker to make resource allocation decisions and assess performance. An operating segment also engages in business activities from which it may earn

revenue and incur expenses. The Company has determined that it has only one operating segment that meets the above criteria, and for which separate financial information is available.

The Company's revenue is derived from different geographic regions. During the year, the revenue breakdown was as follows: 95% of the total net revenue originated from Canada (March 31, 2022 - 98%), and 5% was originated from Europe and Australia (March 31, 2022 - 2%).

All of the Company's long-lived assets are located in Canada.

Note 23 Assets and Liabilities Held for Sale

In connection with the Company's business transformation plan, during the year ended March 31, 2023, the Company initiated the winddown of its Grimsby greenhouse and listed the asset for sale.

The most significant estimates and assumptions include those related to the inputs used in accounting for assets classified as held for sale including the estimated fair value less costs to sell. In calculating the estimated fair value less costs to sell, management is required to make a number of estimates, including determining the appropriate comparable assets, calculating the estimated costs to get the asset ready for sale, and the estimated costs required to execute and complete the sale. In formulating management's estimated fair value less costs to sell, management reviewed third-party valuation reports, proposals received, actual selling prices of other greenhouses, and asking prices of other greenhouses, among other sources of information. The Company estimated the fair value less costs to sell of \$10,000, and accordingly has recorded an impairment loss of \$3,000 and \$5,578, for the three and twelve months ended March 31, 2023. The impairment loss was included in impairment of property, plant and equipment in the Consolidated Statements of Profit or Loss and Comprehensive Profit or Loss. The facility is actively being marketed and readily available for sale. The sale of the facility is considered probable as multiple proposals have been put forth to the Company. The sale of the Grimsby greenhouse facility is expected to occur within a year.

The following table presents the major classes of assets and liabilities related to the operations of the Grimsby greenhouse:

	March 31, 2023
Land	1,051
Building	8,949
Assets held for sale	10,000
Credit facility	4,375
Liabilities held for sale	4,375

The liability held for sale was determined by comparing the estimated relative fair value of the Grimsby property to the Paris property at the time the facility/loan was granted. This ratio was utilized to establish the loan balance when the Grimsby property was classified as held for sale. The term facility is secured by a first lien on the Paris and Grimsby facilities, as disclosed in Note 11 - Credit Facilities.

Note 24 Comparative Figures

Reclassifications have been undertaken for the prior period comparative figures to enhance comparability with the current period financial statements. The objective of these reclassifications is to present more detailed information in the consolidated statement of financial position by adjusting the grouping of specific accounts. These reclassifications had no impact on the net loss or shareholders' equity. Their purpose of is to facilitate a better understanding of the financial position, provide a higher level of granularity, and enhance the overall presentation of the consolidated statement of financial position.

The following reclassifications were made to enhance the disclosure of certain figures:

Consolidated Statements of Financial Position	As Reported	Adjustment	As Reclassified
Cash	1,356	(9)	1,347
Restricted cash	213	9	222
Trade and other receivables, net	11,085	(3,334)	7,751
Net tax receivable	-	530	530
Prepays and deposits	3,775	(823)	2,952
Accounts payable and accrued liabilities	27,626	(3,627)	23,999

Note 25 Events After the Reporting Period

On June 6, 2023, Red White & Bloom Brands Inc. ("**RWB**") and Aleafia (the "**Company**") entered into a Binding Letter Agreement whereby RWB has agreed to acquire Aleafia and its subsidiaries in a business combination transaction (the "**Proposed Transaction**") to be completed by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario).

Under the terms of the Binding Letter Agreement, each outstanding common share in the capital of Aleafia (each, an "**Aleafia Share**") will be exchanged for 0.35 of a common share in the capital of the Company (each, an "**RWB Share**"), subject to customary adjustment (the "**Exchange Ratio**"). Upon the completion of the Proposed Transaction, existing RWB shareholders are expected to own approximately 76% of the Combined Company resulting from the Proposed Transaction (the "**Combined Company**") and Aleafia shareholders are expected to own approximately 24% of the Combined Company.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction, at which time additional information will be provided in a subsequent press release.

Summary of the Proposed Transaction

The Proposed Transaction is expected to be completed by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario). Under the terms of the Letter Agreement, RWB will acquire all of the issued and outstanding Aleafia Shares in exchange for RWB Shares on the basis of the Exchange Ratio. Outstanding options and warrants to purchase Aleafia Shares will become exercisable to acquire RWB Shares on the same terms and conditions, on the basis of the Exchange Ratio. Outstanding restricted and deferred share units of Aleafia will be settled upon closing in RWB Shares on the basis of the Exchange Ratio.

The Proposed Transaction will require the approval of: (a) (i) two-thirds of the votes cast by shareholders of Aleafia, and, if required, (ii) a simple majority of the votes cast by minority Aleafia shareholders in accordance with Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"), at a special meeting of Aleafia shareholders expected to take place in the third quarter of 2023 (the "**Aleafia Meeting**"); (b)

debenture holders of the requisite percentage of the principal amount of each series of Aleafia Convertible Debentures (“**Debentureholder Approval**”); and (c) if required, RWB shareholders at a special meeting of RWB shareholders expected to take place in the third quarter of 2023 (the “**RWB Meeting**”).

Completion of the Proposed Transaction will be subject to customary closing conditions and receipt of necessary court and regulatory approvals, including stock exchange approval. Subject to receipt of all necessary approvals, the Proposed Transaction is expected to close by on October 31, 2023 (the “**Effective Time**”).

A copy of the Letter Agreement will be filed on Aleafia and RWB’s SEDAR profiles at www.sedar.com. Prior to entering into a definitive arrangement agreement, all members of the board of directors of Aleafia, all officers of Aleafia and certain other security holders of Aleafia, will enter into customary support and voting agreements.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction on or before July 31, 2023. The Letter Agreement contains, and the arrangement agreement will continue to contain, standard non-solicitation and superior proposal provisions and a break fee of C\$2 million. The Letter Agreement includes, and arrangement agreement will continue to include other provisions such as conditions to closing the Proposed Transaction, and representations and warranties and covenants customary for arrangement agreements. Further details with respect to the Proposed Transaction will be included in the arrangement agreement and in an information circular to be mailed to Aleafia shareholders in connection with the Aleafia Meeting and to holders of Aleafia Convertible Debentures, as applicable, and to RWB shareholders in connection with the RWB meeting (if required). Once available, copies of the arrangement agreement and information circular will be filed on each of Aleafia and RWB’s SEDAR profiles at www.sedar.com, as applicable.

Concurrent with entering into the Binding Letter Agreement, the Aleafia Senior Secured Loan Agreement, made as of December 24, 2021, between Aleafia and certain subsidiaries as borrowers, with other subsidiaries as guarantors, and NE SPC II LP as lender, and subsequently amended on March 28, 2022, June 17, 2022, April 26, 2023, May 15, 2023, and May 31, 2023, was assigned by NE SPC II LP to RWB.

On June 6, 2023, concurrent with the execution of the Binding Letter Agreement Aleafia was advanced \$1.5 million.

As part of the Proposed Transaction, the Company expects to settle the 8.5% Series A Secured Convertible Debentures due June 30, 2024, the 8.5% Series B Secured Convertible Debentures due June 30, 2026, and the 8.5% Series C Secured Convertible Debentures due June 30, 2028 (collectively, the “**Aleafia Convertible Debentures**”) for an aggregate of \$6,000 at the Effective Time (subject to Debentureholder approval). The funding for the settlement of the Aleafia Convertible Debentures, along with the assignment of the Aleafia Senior Secured Loan Agreement, is intended to be funded through a new secured \$30,000 credit facility (the “**New Credit Facility**”). The New Credit Facility will also serve to support working capital requirements, growth initiatives, and the RWB Credit Facility, a \$17,500 credit facility being negotiated by RWB and Aleafia. The RWB Credit Facility will facilitate cash settlement, working capital requirements, and promissory note repayment, and will include covenants and reporting requirements.

The specific terms of the New Credit Facility and the RWB Credit Facility will be confirmed upon the execution of final funding agreements and the completion of the Proposed Transaction. These actions aim to enhance liquidity and improve financial flexibility by supporting working capital requirements and funding growth initiatives. The negotiations for the RWB Credit Facility are being conducted in accordance with customary practices and are expected to be finalized within 30 days.

As at the consolidated financial statements’ balance sheet date of March 31, 2023, the Proposed Transaction and the related subsequent events had not yet been completed. Consequently, the consolidated financial statements do not reflect the impact of the Proposed Transaction. The Company will reassess and determine the appropriate accounting treatment once the Proposed Transaction is finalized and all necessary approvals are obtained.



**ALEAFIA HEALTH INC.
CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)
For the Fifteen Months Ended March 31, 2022 and
Twelve Months Ended December 31, 2020

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Aleafia Health Inc.:

The accompanying consolidated financial statements of Aleafia Health Inc. and its subsidiaries (the "Company") were prepared by management, which is responsible for the integrity and fairness of the information presented, including the many amounts that out of necessity are based on estimates and judgements. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

In fulfilling its responsibilities, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of these consolidated financial statements.

The Board of Directors oversees the responsibilities of management for financial reporting through an Audit Committee, which is composed entirely of independent directors. This Audit Committee reviews the consolidated financial statements and recommends them to the Board of Directors for approval. They meet regularly with management to review internal control procedures and advise directors on accounting matters and financial reporting issues.

"Tricia Symmes"

Patricia Symmes-Rizakos
Chief Executive Officer

"Matthew Sale"

Matthew Sale
Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Aleafia Health, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Aleafia Health Inc. and its subsidiaries (collectively, the "Company"), which comprise the consolidated statement of financial position as at March 31, 2022 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the 15-month period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2022, and its consolidated financial performance and cash flows for the 15-month period then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the 15-month period ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters to be communicated in our auditors' report are as follows:

Impairment of goodwill, intangible assets and property, plant and equipment

We draw attention to Notes 3(b), 7 and 8 to the consolidated financial statements. Goodwill and indefinite lived intangible assets are not amortized, but are reviewed for impairment annually or more frequently when events or changes in circumstances indicate that the carrying amount of a cash generating unit ("CGU") exceeds its recoverable amount. Intangible assets with finite lives and property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. During the 15-month period ended March 31, 2022, the Company recorded an impairment charge of \$11.3 million for goodwill, \$53.1 million for intangible assets and \$28.8 million for property, plant and equipment. Estimating the recoverable amount of CGUs and intangible assets is complex and is subject to significant judgments in relation to assumptions used by management. Significant assumptions used by management to estimate the recoverable amount include growth and discount rates, as well as future revenues, gross margins and recoverable values.

We identified the evaluation of the impairment of goodwill and intangible assets as a key audit matter as significant auditor judgment and the involvement of professionals with specialized skill and knowledge

were required to evaluate the Company's methods and use of estimates, assumptions and judgments in estimating the recoverable amount of the Company's CGUs.

Our audit response to the key audit matter was as follows:

- We obtained an understanding of the controls and control activities in place related to the determination and management's review of significant assumptions used in the calculation.
- We performed sensitivity testing to consider the impact of changes in certain assumptions on the estimate of recoverable amount.
- With the assistance of a valuation specialist:
 - 1) We evaluated whether the valuation techniques used in estimating the recoverable amounts were appropriate.
 - 2) We compared the discount rate used to the weighted average cost of capital and evaluated the reasonableness based on publicly available information for comparable companies.
 - 3) We compared growth rates used by management to historical information, approved budgets, the Company's production capacity, as well as industry standards.

Valuation of biological assets and cannabis inventory

We draw attention to Notes 3(a), 13 and 14 to the consolidated financial statements. Biological assets are measured at fair value less cost to sell at the stage of completion. The Company values inventories of harvested bulk cannabis and finished goods at the lower of cost and net realizable value.

In estimating the fair value of biological assets, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, average yield per plant, harvesting costs, selling costs, selling price, and the allocation of indirect costs, which form part of the standard cost per gram to complete production. In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value.

We identified measurement of the fair value of biological assets and net realizable value of cannabis inventory as key audit matters as a high degree of auditor judgment was required to evaluate the significant assumptions and estimates made by management.

Our audit response to the key audit matter was as follows:

- We performed sensitivity analyses over the Company's significant assumptions used to determine the fair value of biological assets to assess the impact of changes in those assumptions on the Company's determination of fair value.
- We tested the stage of growth by observing the plants at year-end.
- We tested the average expected yield per plant by comparing actual results of the current year to historical results of operations.
- We tested the average selling price per gram by comparing to estimates used by management to actual sales prices per gram in actual sales transaction during and subsequent to year-end.
- We also tested the net realizable value of inventory by comparing the carrying value of inventory to the prices earned from sales transactions near and subsequent to year-end.

Emphasis of Matter – Restated Comparative Information

We draw attention to note 23 to the consolidated financial statements, which explains that certain comparative information presented for the year ended December 31, 2020 has been restated. Our opinion is not modified in respect of this matter.

The consolidated financial statements of the Company for the year ended December 31, 2020, excluding the adjustments that were applied to restate certain comparative information as described in note 23, were audited by another auditor who expressed an unqualified opinion on those statements on March 24, 2021.

As part of our audit of the consolidated financial statements for the period ended March 31, 2022, we also audited the adjustments that were applied to restate certain comparative information for the year ended December 31, 2020 as described in note 23. In our opinion, such adjustments are appropriate and have been properly applied.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management's Discussion and Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion on thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Christopher Hiestand.

/s/ Accell Audit & Compliance, P.A.

Tampa, Florida
June 27, 2022

ALEAFIA HEALTH INC.**Consolidated Statements of Financial Position**

As at March 31, 2022 and December 31, 2020

(Amounts reflected in thousands of Canadian dollars)

	Notes	March 31, 2022	December 31, 2020 (Restated – note 23)
		\$	\$
ASSETS			
Current			
Cash		1,356	29,968
Restricted cash	2	213	561
Marketable securities	5	1,190	–
Trade and other receivables, net	19	11,085	9,311
Prepays and deposits		3,775	5,063
Inventory, net	13	21,664	27,242
Biological assets	14	1,179	2,511
		40,462	74,656
Non-current			
Property, plant, and equipment, net	7	40,448	78,469
Deferred expenses		–	460
Right-of-use assets	6	1,844	2,782
Investments	18	2,391	6,620
Intangible assets, net	8	–	54,715
Goodwill	8	–	11,314
		44,683	154,360
TOTAL ASSETS		85,145	229,016
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9,10,17	27,626	20,239
Lease liability	6	522	441
Credit facility	17	12,073	–
Convertible debt	16,22	36,401	24,361
		76,622	45,041
Non-current			
Lease liability	6	1,833	2,726
Convertible debt	16	–	32,441
Credit facility	17	5,075	–
Deferred tax liability		–	2,854
		6,908	38,021
TOTAL LIABILITIES		83,530	83,062
SHAREHOLDERS' EQUITY			
Share capital	9	404,341	384,265
Contributed surplus	9	90,477	85,025
Deficit		(493,203)	(323,336)
		1,615	145,954
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		85,145	229,016

COMMITMENTS AND CONTINGENCIES (Note 20)

GOING CONCERN (Note 2)

SUBSEQUENT EVENTS (Note 22)

The accompanying notes are an integral part of these Consolidated Financial Statements.

Approved and authorized for issue on behalf of the board on June 27, 2022.

“Mark J. Sandler”
Mark J Sandler, Chairman

“Lu Galasso”
Lu Galasso, Director

ALEAFIA HEALTH INC.**Consolidated Statements of Loss and Comprehensive Loss**

For the fifteen months ended March 31, 2022 and twelve months ended December 31, 2020
(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

	Notes	March 31, 2022	December 31, 2020 (Restated – note 23)
		\$	\$
Revenue	2	53,813	37,406
Excise taxes		10,691	1,131
Net revenue		43,122	36,275
Costs of sales		33,965	15,572
Gross profit before fair value adjustment and inventory provision		9,157	20,703
Fair value changes in biological assets and changes in inventory sold	14	(1,453)	(10,721)
Inventory provision	13	(19,648)	(24,922)
Gross loss		(11,944)	(14,940)
Operating expenses			
Selling, general and administrative expenses		34,127	24,040
Amortization and depreciation	7,8	9,468	8,058
Share-based compensation expense	9	2,899	2,690
Bad debt expense		1,868	1,892
Business transaction costs		5,026	4,146
		53,388	40,826
Other expenses (income)			
Interest expense	16,17	10,787	11,636
Gain on sale of assets	5	(12,092)	(1,181)
Fair value through profit and loss adjustments	5,18	15,505	(943)
Impairment of property, plant and equipment	7	28,800	–
Impairment of intangible assets	8	53,093	22,116
Impairment of goodwill	8	11,314	177,476
Other non-operating expense (income)		(18)	(481)
Realized gain on LP settlement		–	(6,344)
		107,389	202,279
Net loss before income taxes		(172,721)	(258,045)
Income tax			
Current income tax expense (recovery)		–	–
Deferred income tax recovery	21	(2,854)	(2,540)
Net loss and comprehensive loss		(169,867)	(255,505)
Loss per share, basic and diluted		(0.52)	(0.88)
Weighted average common shares outstanding	11	327,012,541	291,589,929

The accompanying notes are an integral part of these Consolidated Financial Statements.

ALEAFIA HEALTH INC.

Consolidated Statements of Changes in Shareholders' Equity

For the fifteen months ended March 31, 2022 and twelve months ended December 31, 2020

(Amounts reflected in thousands of Canadian dollars, except share and warrant amounts)

	Number of Shares	Amount	Contributed Surplus	Deficit	Total
	#	\$	\$	\$	\$
Balances, December 31, 2020	301,269,686	384,265	85,025	(323,336)	145,954
Issuance of common shares	27,777,500	18,894	3,836	–	22,730
Share issuance costs	–	(1,751)	37	–	(1,714)
Shares issued under stock option plan	781,250	959	(334)	–	625
Shares issued under deferred share unit plan	89,709	96	–	–	96
Shares issued from warrants exercised	1,050,890	1,719	(958)	–	761
Restricted share units issued/released	155,316	159	(159)	–	–
Warrants issued	–	–	131	–	131
Share-based compensation expense	–	–	2,899	–	2,899
Net loss for the year	–	–	–	(169,867)	(169,867)
Balances, March 31, 2022	331,124,351	404,341	90,477	(493,203)	1,615

	Number of Shares	Amount	Contributed Surplus	Deficit (restated – note 23)	Total
	#	\$	\$	\$	\$
Balances, December 31, 2019	277,893,686	371,744	80,602	(67,831)	384,515
Issuance of common shares	23,000,000	13,110	1,840	–	14,950
Share issuance costs	–	(1,224)	434	–	(790)
Shares issued from warrants and stock options exercised	376,000	635	(541)	–	94
Share-based compensation expense	–	–	2,690	–	2,690
Net loss for the year	–	–	–	(255,505)	(255,505)
Balances, December 31, 2020	301,269,686	384,265	85,025	(323,336)	145,954

The accompanying notes are an integral part of these Consolidated Financial Statements.

ALEAFIA HEALTH INC.

Consolidated Statements of Cash Flows

For the fifteen months ended March 31, 2022 and twelve months ended December 31, 2020
(Amounts reflected in thousands of Canadian dollars, except share and warrant amounts)

	March 31, 2022	December 31, 2020 (restated – note 23)
	\$	\$
Operating activities		
Net loss for the period	(169,867)	(255,505)
Adjustments for non-cash items:		
Depreciation	10,446	6,561
Amortization	1,621	3,603
Share-based compensation expense	2,899	2,690
Interest accretion	6,711	6,488
Bad debt expense	1,868	1,892
Deferred income tax recovery	(2,854)	(2,540)
Realized gain on LP settlement	–	(6,344)
Gain on sale of assets	(12,092)	–
Fair value through profit and loss adjustments	15,505	(2,124)
Impairment of property, plant and equipment	28,800	–
Impairment of intangible assets	53,093	22,116
Impairment of goodwill	11,314	177,476
Inventory write-down	19,648	24,922
Fair value changes in biological assets and changes in inventory sold	1,453	10,721
	(31,455)	(10,044)
Changes in operating working capital:		
Trade and other receivables	(3,931)	114
Prepays and deposits	1,288	14,867
Inventory	(12,236)	(33,183)
Biological assets	869	5,078
Accounts payable and accrued liabilities	9,247	39
Cash received from LP settlement	–	15,500
Net cash used in operating activities	(36,218)	(7,629)
Investing activities		
Investment in retail store operations	–	(107)
Proceeds from disposal of marketable securities	–	2,913
Purchase of marketable securities	–	(1,234)
Acquisition of property, plant, and equipment	(4,659)	(17,777)
Net cash used in investing activities	(4,659)	(16,205)
Financing activities		
Lease liability payments	(1,349)	(1,138)
Repayment of convertible debt	(25,650)	–
Repayment of credit facility	(5,380)	–
Warrants and stock options exercised	1,386	94
Proceeds from credit facilities	21,798	–
Proceeds from the issuance of common shares	21,112	14,160
Net cash provided by financing activities	11,917	13,116
Change in cash	(28,960)	(10,718)
Cash and restricted cash, beginning of period	30,529	41,247
Cash and restricted cash, end of period	1,569	30,529

The accompanying notes are an integral part of these Consolidated Financial Statements.

Note 1 Nature of Operations

Aleafia Health (the “Company”) is a publicly traded corporation incorporated under the laws of Ontario. Aleafia Health’s head and registered office is currently located at 85 Basaltic Road, Concord, Ontario, and its corporate website is www.AleafiaHealth.com.

The Company is a vertically integrated and federally licensed Canadian cannabis company offering cannabis health and wellness services and products in Canada. The Company also sells cannabis products destined for international markets, including Australia and Germany to third parties. The Company owns and operates a virtual network of medical cannabis clinics staffed by physicians and nurse practitioners.

The Company owns three licensed cannabis production facilities and operates a strategically located distribution centre all in the province of Ontario, including the first large-scale, outdoor cannabis cultivation facility in Canadian history. The Company produces a diverse portfolio of cannabis and cannabis derivative products including oils, capsules, edibles, sublingual strips, topicals and vapes, for sale in Canada in the medical and adult-use markets, and in select international jurisdictions.

The common shares of the Company commenced trading on the Toronto Stock Exchange (“TSX”) (symbol “AH”), on May 27, 2020. Previously, common shares were traded on the TSX Venture Exchange Inc. under a different ticker symbol from March 18, 2019.

Note 2 Significant Accounting Policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on June 27, 2022.

Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company and its subsidiaries is the Canadian dollar.

In February 2022, Company changed its reporting year end from December 31 to March 31 to accommodate the shortage of personnel in public accounting firms. Accordingly, the current period is for the fifteen months ended March 31, 2022 whereas the comparative period is for the twelve months ended December 31, 2022.

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

Going concern assumption

These consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future.

The Company has experienced recurring losses, has a cumulative deficit of \$493,203 (December 31, 2020 – \$323,336) and a working capital deficiency of \$36,160. In addition, the Company did not pay a scheduled interest

payment on its convertible debentures on December 31, 2021 and is currently working under a Forbearance Agreement with certain debenture holders. These factors indicate that there are material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on its ability to achieve profitable operations and/or raise equity or debt financing. There is no assurance that any necessary future financing will be sufficient to sustain operations until such time that the Company can generate sufficiently profitable operations to support its requirements.

These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company's objectives when managing its liquidity and capital resources are to ensure sufficient liquidity to meet its financial obligations and execute its operating and strategic plans for at least the next twelve months. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. The Company manages liquidity risk by exploring new debt and equity financing options, reviewing its capital structure to optimize the cost of capital, maintaining the continuity of equity and debt funding options, managing its non-cash current assets to ensure the timely conversion to cash, and putting plans in place to meet its financial obligations as they come due.

The Company has multiple options to meet liquidity needs including converting its non-cash working capital to cash, issuance of common shares via its at-the-market equity financing program, issuing common shares via a public equity offering, share capital, and new debt financing options.

The Company's ability to meet its commitments to sustain operations and settle its obligations as they become due within the next twelve months and its exposure to liquidity risk is dependent on the Company's ability to:

- Refinance or amend the term of its convertible debentures and credit facility.
- Raise additional debt and equity financing; and
- Realize cash flow from operations which is subject to significant judgements and estimates, the most significant of which is the Company's sales projections and its ability to realize its assets and discharge its liabilities in the normal course of business.

While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to obtain sufficient financing in the future on terms favourable for the Company.

Consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries, as presented below. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All intercompany transactions and balances have been eliminated. All Subsidiaries, except for the inactive are for the purpose of carrying out the Company's business in the normal course and are domiciled in Canada. Inactive subsidiaries are holding companies.

	2022	2020
	%	%
Aleafia Inc.	100	100
Canabo Medical Corporation ("Canabo")	100	100
Aleafia Farms Inc. ("Aleafia Farm")	100	100
Emblem Corp. ("Emblem")	100	100
Emblem Cannabis Corporation ("EC")	100	100
GrowWise Health Limited ("GrowWise")	100	100
Emblem Realty Ltd. ("Emblem Realty")	100	100
Aleafia Brands Inc. (inactive)	100	100
Aleafia Retail Inc. (inactive)	100	100
2672533 Ontario Inc (inactive)	100	100
2676063 Ontario Inc.(inactive)	100	100

a) Cash and cash equivalents

Cash in the consolidated statements of financial position is comprised of cash in banks and on hand, and short-term deposits which are readily convertible into a known amount of cash and are subject to insignificant risk with respect to its value and liquidity.

b) Restricted cash

Restricted cash includes cash held as collateral against certain bank credit card facilities. It also includes Canadian bank issued preferred shares, which is subject to trading restrictions that are greater than 90 days.

c) Biological assets

The Company measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are recognized in the consolidated statements of loss and comprehensive loss. The Company capitalizes all the direct and indirect costs as incurred related to the transformation of biological assets between the initial planting to the point of harvest including labour, labour related, fertilizer, utilities and facility costs and amortization of related production equipment. Seeds are measured at fair market value. Upon harvest, the fair value adjustments including all the capitalized costs are transferred from biological assets to inventory and form the cost basis of the inventory.

d) Inventory

The Company's inventories include harvested bulk cannabis and finished goods valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial cost. Fair value includes capitalized costs and unrealized fair value adjustments. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Inventories of fertilizers and nutrients include costs of purchases net of vendor allowances plus other costs, such as transportation, that are directly incurred to bring the inventories to their present location and condition. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is determined using the weighted average cost basis.

Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining market prices. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is apparent evidence of an increase in selling price then the amount of the write-down previously recorded is reversed. Storage costs, indirect administrative overhead, and certain other selling costs related to inventories are expensed in the period incurred.

e) Property, plant, and equipment

The Company's property, plant and equipment are measured at cost less accumulated depreciation and impairment write-downs.

The cost of an item of property, plant and equipment includes expenditures that are directly attributable to the acquisition or construction of the asset. The cost includes the cost of materials and direct labor, site preparation costs, installation and assembly costs, and any other costs directly attributable to bringing the assets to the location and conditions necessary for the assets to be capable of operating in the manner intended by management. The cost of property, plant and equipment also includes any applicable borrowing costs. Borrowing costs are capitalized to property, plant, and equipment until such time that the constructed asset is substantially complete and ready for its intended use.

Property, plant, and equipment are depreciated at the following annual rates and methods:

Computer equipment and software	30% on a declining basis
Office furniture and equipment	20% on a declining basis
Buildings	25 years on a straight-line basis
Leasehold improvements	Straight-line over the remaining term of the lease

Estimates for depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted, if appropriate.

Significant components of property, plant and equipment that are identified as having different useful lives are depreciated separately over their respective useful lives. Depreciation methods, useful lives, and residual values, if applicable, are reviewed and adjusted, if appropriate, on a prospective basis at the end of each fiscal year as a change in estimate. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in profit or loss.

f) Leases

Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease [i.e., the date the underlying asset is available for use]. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease obligation

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

g) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair

value of the instruments issued on the grant date and amortized over the vesting period. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from contributed surplus.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price on the date of issuance. As these awards can be settled in cash, the expense and liability are adjusted each reporting year for changes in the underlying share price.

h) Provisions

Provisions are recognized when it is probable that the Company is required to settle an obligation (legal or constructive), as a result of a past event, and the obligation can be reliably estimated. The provision represents the Company's best estimate of the amounts required to settle the obligation at the end of the reporting year. When a provision is determined using the expected cash flow method, the carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the amounts required to settle a provision are expected to be recoverable from a third party, a receivable is recognized when it is virtually certain reimbursement is receivable and the expected reimbursement can be reliably measured.

i) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Income taxes

Current income taxes are the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted, and includes any adjustments to tax payable or receivable in respect of previous years. Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of the statements of financial position. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial instruments

Financial assets and liabilities are initially measured at fair value. In the case of a financial asset not at fair value through profit and loss ("FVTPL") transaction costs are included in the carry amount of the asset. Transaction

costs of financial assets carried at FVTPL are expensed in the consolidated statements of loss and comprehensive loss. Financial assets are subsequently measured at:

- a. FVTPL
- b. Amortized cost
- c. Fair value through other comprehensive income (“FVOCI”)
- d. Equity instruments designated at FVOCI; or
- e. Financial instruments designated at FVTPL

Financial liabilities are subsequently measured at:

- f. FVTPL
- g. Amortized cost

The classification is based on whether the contractual cash flow characteristics represent “solely payment of principal and interest” as well as the business model under which the financial assets are managed. Financial liabilities held by the Company are initially measured at fair value and subsequently measured at amortized cost.

l) Impairment of non-financial assets

The carrying amounts of the Company’s non-financial assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or “CGU”). The recoverable amount of an asset or a CGU is the higher of its fair value, less cost to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

m) Impairment of financial assets

The Company assesses, on a forward-looking basis, the expected credit losses associated with its financial instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether the asset originated from a contract that is in the scope of IFRS 15 - Revenue from Contracts with Customers (IFRS 15) or if there have been significant increases in credit risk.

Accounts receivable - For accounts receivable and contract assets, the Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9 - Financial Instruments (IFRS 9), which requires the use of the lifetime expected loss provision for all accounts receivable and contract assets within the scope of IFRS 15. The Company has established a provision based on the Company’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash equivalents - For cash equivalents and short-term investments at amortized cost, the Company applies the general approach to providing for expected credit losses. These instruments are considered to be low credit risk, and therefore, the impairment provision is determined using a 12-month expected credit loss basis.

n) Intangible assets

Intangible assets consist mainly of Health Canada Licenses to produce and sell cannabis, power contracts, brand names and licenses, patient lists and scientific and medical research assets. Acquired Health Canada Licenses to produce and sell cannabis, power contracts and similar assets are carried at cost less accumulated amortization and impairment. Intangible assets with indefinite lives are not amortized but are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. Any impairment of intangible assets is

recognized in the consolidated statements of loss and comprehensive loss but increases in intangible asset values are not recognized.

Estimated useful lives of intangible assets are the shorter of the economic life and the year the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

At each financial position reporting date, the carrying amounts of the Company's long-lived assets, including property and equipment and intangible assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs.

Finite-lived intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the following terms:

Health Canada licenses	24 years
OPA power contracts	14 years
Brand names and licenses	5 to 15 years
Patient lists	10 years
Scientific and medical research agreement	7 years
IP & R&D	indefinite

The estimated useful life and amortization methods are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

o) Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired on the date of acquisition less any impairment losses. Goodwill is allocated to the CGU to which it relates. Goodwill is measured at historical cost and is evaluated for impairment annually and more often if events or circumstances indicate there may be impairment.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in other expenses in the year in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

p) Segment reporting

IFRS 8 - Operating Segments requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to the segment and to assessing its performance. The Company has one reportable segment, the cultivation of cannabis plants, and production and sale of cannabis flower, extracts and other derivatives, all of which supply four different sales channels: adult use, medical, international and wholesale.

q) Revenue recognition

The Company derives revenue primarily from the sale of cannabis and cannabis products. Revenue is recognized upon transfer of control of the promised goods and services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Performance obligations are satisfied, and revenue is recognized, either over time or at a point in time. Certain activities may give rise to

deferred revenue, which are contract liabilities under IFRS 15 and relate to payments received in advance of performance under contracts with customers. Contract liabilities are recognized as revenue as (or when) the Company satisfies its performance obligations under the contracts.

Under bill-and-hold arrangements – whereby the Company bills a customer for product to be delivered at a later date – control typically transfers when the product is still in the Company's physical possession, and title and risk of loss has passed to the customer. Revenue is recognized when all specific requirements for transfer of control under a bill-and-hold arrangement have been met. There are no bill and hold arrangements as at March 31, 2022.

The provision for sales returns is an estimate used in the recognition of revenue in connection with contract liabilities identified in contracts with customers. The Company has a return policy that allows wholesalers to return product within a specified period prior to, and subsequent to, the expiration date. Provisions for returns are recognized in the period in which the underlying sales are recognized, as a reduction of product sales revenue. The Company estimates provisions for returns based upon historical data to determine return percentages and current market conditions, representing management's best estimate. Historical experience may not always be an accurate indicator of future returns, and therefore the Company continually monitors return provisions and adjusts when it believes that actual product returns may differ from amounts recorded. As at March 31, 2022, contract liabilities of \$120 (December 31, 2020 – \$nil) is recorded in accounts payable and accrued liabilities in the consolidated statements of financial position.

Amounts disclosed as net revenue are net of sales tax, duty tax, allowances, returns provision, price adjustments, discounts and rebates.

Sale of cannabis: Revenue from the sale of cannabis is recognized when the Company transfers control to the customer upon delivery or the time of the product pickup from the Company's facilities by the customer based on the contract-by-contract basis between the Company and the customer, or in the case of bill-and-hold arrangements, when specific requirements have been met.

Medical consultation: The Company provides medical services to patients on a scheduled appointment fixed fee basis. Performance of the service is considered complete at the conclusion of the appointment and revenue is recognized at a point in time.

Note 3 Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

a) Biological assets and inventory

In calculating the value of the biological assets and inventory, management is required to make a number of

estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant.

In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value, estimated useful lives and impairment of CGUs and goodwill.

b) Valuation of intangibles and goodwill

The impairment test for each CGU to which goodwill is allocated based on the value in use of the CGU, is determined in accordance with the expected cash flow approach. The calculation is based on assumptions used to estimate future cash flows, the cash flow growth rate and the discount rates. The Company exercises significant judgement in determining CGUs. Due to the realignment and cost rationalizations enacted by the Company in the current period, the Company has identified two CGUs, down from four in the prior year, which are Emblem Cannabis Corporation and Aleafia Farms . During the twelve months ended December 31, 2020, there were four, 1. Aleafia Farms Inc., 2. Emblem Cannabis Corporation, 3. Canabo Medical Corporation (“CMC”) and 4. branded cannabis product development and related retail operations.

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

c) Revenue recognition

Estimates are used when the Company recognizes certain wholesale revenue depending on when quality inspection periods have either lapsed or the Company is confident have been satisfied. Also, significant judgment is exercised to determine if all the specific requirements for the transfer of control under a bill-and- hold arrangement have been met and revenue can be recognized. Significant judgment is exercised to determine when certain conditions have been met for product destined for international markets.

d) Valuation of share-based payments

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company’s stock price and the risk-free interest rate are used. In calculating the fair value of the warrants, the Company includes key assumptions such as the volatility of the Company’s stock price, the value of the common share, and the risk-free interest rate.

e) Income taxes

Income taxes and tax exposures recognized in the consolidated financial statements reflect management’s best estimate based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Note 4 Accounting Pronouncements Recently Adopted

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 7, *Financial Instruments: Disclosures*, IFRS 9, *Financial Instruments*, IFRS 4, *Insurance Contracts*, IFRS 16, *Leases*, and IAS 39, *Financial Instruments: Recognition and Measurement*): The amendments address the effects of the reform on a

company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate. The amendments address specific hedge accounting requirements and permit a practical expedient for modifications of financial assets, financial liabilities, and lease liabilities required by the IBOR (interbank offered rate) reform. The amendments also require additional disclosures for users to understand the nature and extent of risks arising from the IBOR reform and how the entity manages those risks. The objective is to support companies in applying IFRS Standards when changes are made to contractual cash flows or hedging relationships because of the reform; and assist companies in providing useful information to users of financial statements. The amendment applies for annual periods beginning on or after January 1, 2020, with earlier application permitted.

The Company adopted the amendment effective January 1, 2020, resulting in no impact on the Company's Financial Statements.

Amendments to IFRS 16, *Leases*. The amendments to IFRS 16 issued in May 2020 provided lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification, and instead required lessees that applied the exemption to account for COVID-19-related rent concessions as if they were not lease modifications. The amendment extended the applicable payments due on or before June 30, 2022. The amendments are effective for annual reporting periods beginning on or after April 1, 2021 and are to be applied retrospectively.

The Company did not receive rent concessions as a result of COVID-19, resulting in no impact on the Company's Financial Statements.

Future Accounting Pronouncements

Standards issued but not effective up to the date of issuance of these consolidated financial statements are described below. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded. The Company will adopt these standards as they become effective.

Amendments to IAS 1, *Presentation of Financial Statements*. In January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments clarify the situations that are considered settlement of a liability. The new guidance will be effective for annual periods starting on or after January 1, 2023.

Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. In February 2021, the IASB issued amendments to IAS 8 to introduce a new definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates. The amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. The amendments are not expected to have a material impact on the Company.

Amendments to IFRS 9, *Financial Instruments*. The amendments to IFRS 9 clarify which fees an entity includes when it applies the "10 percent test" in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendments are effective for annual periods beginning on or after January 1, 2022 and are to be applied prospectively.

The Company will apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The implementation of this amendment is not expected to have a significant impact on the Company.

Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*. In May 2021, the IASB issued amendments to IAS 12 to reduce diversity in the way that entities account for deferred tax on transactions and events, such as leases and decommissioning obligations, that lead to the initial recognition of both an asset and a liability. The amendment clarifies that the initial recognition exception does not apply to the initial recognition of leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. The Company will apply the amendment as necessary.

Amendments to IAS 16, *Property, Plant and Equipment*. In June 2019, the IASB issued amendments to IAS 16 which prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any sales proceeds earned from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, such sales proceeds must be recognized in profit or loss. The amendment will also require an entity to identify and measure the cost of items produced before an item of PP&E is available for use, applying the existing measurement requirements of IAS 2 Inventories, not require additional specific presentation and disclosure requirements in relation to the sale of items that are part of the entity's ordinary activities, and will require additional disclosures in relation to the sale of items that are not part of an entity's ordinary activities. The amendments are effective for annual periods beginning on or after January 1, 2022, with early adoption permitted. The amendment is not expected to have a material impact on the Company.

Amendments to IFRS 3, *Definition of a business*: The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Company but may impact future periods should the Company enter into any business combinations.

Note 5 Marketable Securities

On May 10, 2021, the Company (specifically, wholly owned subsidiaries, Canabo and GrowWise) completed the sale of certain clinic related assets to Myconic Capital Corp (d.b.a Wellbeing Digital Sciences Limited "WDSL"). Pursuant to the Asset Purchase Agreement (the "APA"), certain inventory and equipment was sold, in addition to the assignment of research revenue and clinic leases. The Company continues to staff and operate the clinics through a service agreement. In consideration for the sale and assignment of certain agreements, Myconic Capital Corp, issued and delivered a total of 7,000,000 common shares subject to statutory and contractual lock up provisions, with a fair value of \$12,250 on the date of closing.

The sale resulted in the derecognition of certain right of use assets with a net book value of \$255 and related lease obligations of \$329. In addition, equipment with a net book value of \$232 were sold.

The gain on sale of Canabo and GrowWise net assets was determined as follows:

	\$
Consideration	12,250
Assets sold/assigned	(487)
Liabilities assumed	329
Gain on sale	12,092

The Myconic Capital Corp common shares are classified as fair value through profit and loss. The marketable securities are classified as Level 1 on the fair value hierarchy as they have quoted prices in an active market.

During the fifteen months ended March 31, 2022, 5,600,000 common shares became available to trade. The remaining 1,400,000 common shares became available to trade on May 11, 2022.

On April 11, 2022, the Company terminated its Clinic License and Services Agreement with WDSL. As a result, certain revenue streams that were assigned to WDSL as part of the Services Agreement will revert to the Company such as Provincial billings for physician services and clinic education fees. Additionally, any unexpired leases which were unassigned as of the date of the termination reverted to the Company. The termination does not impact any consideration paid to the Company and the remaining shares became available to trade on May 11, 2022.

Note 6 Right-of-Use Asset and Lease Liability

The Company entered into an office lease agreement, commencing June 1, 2020 for its corporate operations. The term of the lease is 5 years and expires on July 31, 2025. As at March 31, 2022, the undiscounted commitment for the remaining office lease term is approximately \$2,984. The balance of the lease right of use assets and obligations are relate to leased equipment.

RIGHT-OF-USE ASSET

	\$
Cost	
Balance, December 31, 2019	1,591
New leases	2,472
Termination of lease	(69)
Balance, December 31, 2020	3,994
New leases	328
Leases adjustment	(157)
Termination of lease	(1,277)
Balance, March 31, 2022	2,888
Accumulated amortization	
Balance, December 31, 2019	(520)
Amortization	(692)
Balance, December 31, 2020	(1,212)
Termination of lease	682
Leases adjustment	376
Amortization	(890)
Balance, March 31, 2022	(1,044)
Net book value, December 31, 2020	2,782
Net book value, March 31, 2022	1,844

LEASE LIABILITY

	\$
Balance, December 31, 2019	1,207
New leases	2,472
Derecognition of lease liability	(69)
Interest accretion	695
Payments	(1,138)
Balance, December 31, 2020	3,167
New leases	328
Derecognition of lease liability	(392)
Lease adjustment	(284)
Interest accretion	600
Payments	(1,064)
Balance, March 31, 2022	2,355

Current portion	522
Long-term portion	1,833

As is permitted under IFRS 16, *Leases*, the Company elected to expense its short-term or low value dollar leases in selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss on a straight-line basis over the lease term.

Note 7 Property, Plant and Equipment

	Computer and Software	Equipment and Furniture	Leasehold Improvements	Land	Buildings	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance, December 31, 2019	758	12,025	5,453	7,637	40,446	66,319
Additions	218	1,955	320	100	18,796	21,389
Balance, December 31, 2020	976	13,980	5,773	7,737	59,242	87,708
Additions	85	2,934	34	—	1,606	4,659
Disposals	(339)	(965)	(175)	—	(892)	(2,371)
Balance, March 31, 2022	722	15,949	5,632	7,737	59,956	89,996
Accumulated depreciation						
Balance, December 31, 2019	(225)	(803)	(272)	—	(681)	(1,981)
Depreciation	(193)	(2,013)	(311)	—	(4,741)	(7,258)
Balance, December 31, 2020	(418)	(2,816)	(583)	—	(5,422)	(9,239)
Depreciation	(210)	(4,164)	(410)	—	(7,309)	(12,093)
Disposals	256	192	136	—	—	584
Impairment write-down	—	(5,312)	—	—	(23,488)	(28,800)
Balance, March 31, 2022	(372)	(12,100)	(857)	—	(36,219)	(49,548)
Net book value						
As at December 31, 2020	558	11,164	5,190	7,737	53,820	78,469
As at March 31, 2022	350	3,849	4,775	7,737	23,737	40,448

Depreciation relating to manufacturing equipment and production facilities for owned and right-of-use lease assets is capitalized to biological assets and inventory and is expensed to cost of sales upon the sale of goods. During the fifteen months ended March 31, 2022, the Company recognized depreciation expense of \$12,093 (December 31, 2020 – \$7,258), of which \$2,256 (December 31, 2020 – \$834) was included in cost of sales, \$7,676 (December 31, 2020 – \$4,219) was included in operating expenses, and the remaining balance of \$2,161 (December 31, 2020 – \$2,205) was included in biological assets and inventory.

During the fifteen months ended March 31, 2022, the Company had additions of \$4,659, of which \$892 was previously recorded as deposit on the consolidated statements of financial position.

In response to indicators of impairment identified during the three months ended December 31, 2021, the Company estimated the fair value less costs of disposal of certain property, plant and equipment based on information including appraisals, which resulted in an impairment of \$5,312 to its equipment and furniture and \$23,488 to its buildings. The total impairment of \$28,800 is recorded in the consolidated statements of loss and comprehensive loss. The estimated fair value less costs of disposal of the property, plant and equipment at March 31, 2022 used Level 3 inputs and involved significant management estimates and adjustments. Management's estimates could differ in future periods.

Note 8 Goodwill and Intangible Assets

During the fifteen months ended March 31, 2022, the Company recognized non-cash impairment charges of \$11,314 related to goodwill and \$53,093 related to its intangible assets subject to amortization. In response to indicators of impairment identified during the third quarter, specifically a significant decline in market capitalization, and recent and projected financial performance not meeting the Company's expectations due to changes in market dynamics, increased competition and price compression in the industry, the Company performed an impairment analysis on its intangible assets subject to amortization and goodwill for both CGUs. The recoverable amount for each CGU were based on its value in use ("VIU") which was determined to be less than its carrying value. The VIU was estimated using level 3 inputs (refer to Note 19) and a discounted cash flow analysis approach. The significant assumptions applied in the determination of the recoverable amount are described below for the discounted cash flow method. Estimated cash flows were projected based on actual operating results from internal sources as well as industry and market trends. Estimated cash flows are based on historical trends, planned growth initiatives, industry and market growth trends and third party research reports and estimates. The Company utilized a five year forecast and accounted for long-term growth using a terminal value assuming a 2.5% growth rate. The weighted average cost of capital ("WACC") of 18% (December 31, 2020 - 21.5% to 24.2%), was estimated based on the risk-free rate, equity risk premium and after-tax cost of debt. As a result of the analysis, it was determined that the two CGUs had carrying values greater than the recoverable amounts.

As at March 31, 2022, the net book value of the goodwill and intangibles is \$Nil (December 31, 2020 – goodwill \$11,314; intangible assets \$54,715). As a result of the write off of the intangible assets, the related deferred tax liability of \$2,854 was written off.

	Grow License	Patient List	Brand Licenses	Emblem Brands	Emblem License	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, December 31, 2019	9,770	12,416	12,260	15,100	34,000	3,357	86,903
Impairment write-down	–	(12,416)	(12,260)	(1,931)	–	(1,158)	(27,765)
Balance, December 31, 2020	9,770	–	–	13,169	34,000	2,199	59,138
Impairment write-down	(9,770)	–	–	(13,169)	(34,000)	(2,199)	(59,138)
Balance, March 31, 2022	–	–	–	–	–	–	–
Accumulated depreciation							
Balance, December 31, 2019	(803)	(2,197)	(885)	(130)	(1,122)	(515)	(5,651)
Amortization	(391)	(1,242)	(818)	(165)	(1,417)	(388)	(4,421)
Impairment write-down	–	3,439	1,703	–	–	507	5,649
Balance, December 31, 2020	(1,194)	–	–	(295)	(2,539)	(396)	(4,423)
Depreciation	(293)	–	–	(110)	(1,063)	(155)	(1,621)
Impairment write-down	1,487	–	–	405	3,602	551	6,045
Balance, March 31, 2022	–	–	–	–	–	–	–
Net book value							
As at December 31, 2020	8,576	–	–	12,874	31,461	1,803	54,715
As at March 31, 2022	–	–	–	–	–	–	–

During the fifteen months ended March 31, 2022, the Company recognized amortization expense of \$1,621 (December 31, 2020 – \$4,421), of which \$678 (December 31, 2020 – \$1,274) was included in cost of sales and \$943 (December 31, 2020 – \$3,147) was included in operating expenses.

Note 9 Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and Outstanding

As at March 31, 2022, there were 331,124,351 common shares issued and outstanding.

During the fifteen months ended March 31, 2022, the Company issued 387,500 common shares, under its at-the-market equity program with an average price per share of \$0.40, resulting in net proceeds of \$154.

On March 9, 2021, the Company closed a bought deal offering for a total issuance of 27,390,000 units of the Company at a price per unit of \$0.83 for gross proceeds of \$22,734, which includes a partial exercise of the over-allotment option. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$1.05, for a period of 24 months following the closing of the offering. On March 9, 2021, the market price of the Company's common shares was \$0.69 per share. Using the residual method, the Company assigned a value of approximately \$3,835 to the 13,695,000 warrants issued. The Company paid approximately \$1,712 in transaction costs. In connection with the bought deal, the Company issued 621,000 compensation warrants to the brokers. Each of the compensation warrants entitles the holder to purchase one common share at an exercise price of \$0.83, for a period of 24 months following the closing of the offering. The fair value of the compensation warrants was determined to be nominal.

During the fifteen months ended March 31, 2022, the Company issued 781,250 common shares for stock options exercised with gross proceeds of \$625. The Company reclassified fair value of \$334 for the options from contributed surplus to share capital in connection with the option exercises.

During the fifteen months ended March 31, 2022, the Company issued common shares for deferred share units ("DSUs") exercised. As a result, the DSU liability was reduced by \$96 with a corresponding increase to share capital.

During the fifteen months ended March 31, 2022, the Company issued 1,050,890 common shares for warrants exercised with gross proceeds of \$761. The Company reclassified the fair value of \$958 for the warrants from contributed surplus to share capital in connection with the warrant exercises.

During the year ended December 31, 2020, the Company issued 23,000,000 common shares at a price of \$0.65 per share for aggregate gross proceeds of \$15,000 which includes the full exercise of the over-allotment option and paid \$1,890 as transaction costs in cash and issuance of brokers' warrants. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant with an exercise price of \$0.80 and expiring in three years. In connection with the bought deal, the Company issued 1,207,500 compensation warrants and 11,500,000 subscriber warrants.

Stock Options

The Company has adopted a stock option plan (the "Plan"), providing the Board of Directors with the discretion to issue an equivalent number of options of up to 20% of the issued and outstanding share capital. Stock options are granted with an exercise price of not less than the closing share price of the day preceding the date of grant.

The total stock option expense recognized as share-based compensation expense for the fifteen months ended March 31, 2022 was \$2,607 (December 31, 2020 – \$2,690).

The following table summarizes information relating to outstanding and exercisable stock options as at March 31, 2022:

	Options	Weighted average exercise price
	#	\$
Balance, December 31, 2019	24,979,725	1.22
Granted	5,030,431	0.52
Exercised/released	(375,500)	0.25
Forfeited/cancelled/expired	(3,374,024)	1.55
Balance December 31, 2020	26,260,632	1.06
Granted	11,564,000	0.39
Exercised/released	(781,250)	0.65
Forfeited/cancelled	(2,468,885)	0.76
Expired	(4,098,051)	0.46
Balance, March 31, 2022	30,476,446	0.88
Vested, March 31, 2022	23,200,447	1.03
Unvested, March 31, 2022	7,275,999	0.41

The fair values of the stock options granted during the fifteen months ended March 31, 2022, were estimated using the Black-Scholes option pricing model with following weighted average assumptions:

Weighted average share price	\$0.21
Weighted average risk-free interest rate	0.69%
Weighted expected life-years	2.8 years
Weighted average expected daily volatility	87%
Weighted expected dividends	Nil
Forfeiture rate	0%

The volatility was calculated using the historical daily trading prices over a period commensurate with the expected life.

The following table summarizes the outstanding and exercisable options held by directors, officers, employees and consultants as at March 31, 2022:

Exercise Price Range	Outstanding			Exercisable	
	Number of Options	Remaining Contractual Life	Weighted average exercise price	Number of Options	Weighted average exercise price
\$		Years	\$		\$
0.13 - 0.50	12,089,500	4.17	0.38	5,880,250	0.41
0.51 - 1.00	7,193,250	2.10	0.67	6,376,500	0.68
1.01 - 1.50	6,839,690	2.21	1.08	6,589,691	1.08
1.51 - 2.00	749,006	1.60	1.58	749,006	1.58
2.00 - 2.65	3,605,000	1.64	2.44	3,605,000	2.44
	30,476,446	2.88	0.88	23,200,447	1.03

Restricted Share Units (“RSUs”)

The Company has a restricted share unit plan (the “RSU Plan”). For each RSU granted under the plan, the Company recognizes an expense equal to the market value of a common share at the date of grant based on the number of RSUs expected to vest over the term of the vesting period, with a corresponding credit to equity for share-based compensation expense anticipated to be equity settled. RSUs under the RSU plan may vest

immediately or become exercisable in various increments based on conditions as determined by the Board. In determining the amount of share-based compensation, the Company used the closing price of the common shares on the RSU grant date.

During the fifteen months ended March 31, 2022, 1,274,000 RSUs were granted in total (December 31, 2020 – \$Nil) with a weighted fair value of \$0.42 per RSU. The RSUs vest in tranches with 1/12 vesting every three months over 36 months, commencing September 30, 2021, except for 114,000 RSUs which cliff vests on April 1, 2022. The total RSU expense recognized as share-based compensation expense for the fifteen months ended March 31, 2022 was \$292 (December 31, 2020 – \$Nil).

A summary of the RSUs granted and outstanding as at March 31, 2022, is as follows:

	#
Balance, December 31, 2020	–
Granted	1,274,000
Exercised/released	(335,250)
Forfeited	(214,083)
Balance, March 31, 2022	724,667

There are no RSU's exercisable as they are issued as common shares upon vesting.

Deferred Share Unit Plan for Directors

At the Company's annual general meeting on June 30, 2020, shareholders passed a resolution approving the Aleafia Health Inc. deferred share unit plan (the "DSU Plan"), which was implemented during the year ended December 31, 2020.

The purpose of the DSU Plan is to promote a greater alignment of long-term interests between eligible participants (being non-executive directors only) and the Company and its shareholders, to provide a compensation system for non-employee directors that, together with the other director compensation mechanisms of the Company, is reflective of the responsibility, commitment and risk accompanying membership on the Board and the performance of the duties required of the various committees of the Board.

The deferred share units are settled in either cash or shares or combination of both, at the election of the board of Directors. The DSUs have been classified as liability in anticipation of cash settlement and are revalued at each reporting period using the quarter end Company stock price.

During the fifteen months ended March 31, 2022, the Company granted 2,229,529 DSUs (December 31, 2020 – 148,431 DSUs). As at March 31, 2022, there were 2,030,033 DSUs issued and outstanding. As at March 31, 2022, the fair value of the DSU liability is \$244 (December 31, 2020 – \$73). The DSU liability is included in accounts payable and accrued liabilities on the consolidated statements of financial position.

A summary of the DSUs granted and outstanding as at March 31, 2022 is as follows:

	#
Balance, December 31, 2019	–
Granted	148,431
Balance, December 31, 2020	148,431
Granted	2,229,549
Exercised/released	(347,977)
Balance, March 31, 2022	2,030,033

There are no DSU's exercisable as they are issued as common shares upon vesting.

Warrants

The Company has the following warrants outstanding:

	Warrants outstanding	Weighted average exercise price
	#	\$
Balance, December 31, 2019	60,264,816	2.05
Issued	12,707,000	0.80
Exercised	(500)	0.80
Expired	(22,749,342)	3.12
Balance, December 31, 2020	50,221,974	1.17
Issued	15,316,000	0.99
Exercised	(1,050,890)	0.75
Expired	(8,331,652)	0.74
Outstanding and exercisable, March 31, 2022	56,155,432	1.19

The warrants expire between June 27, 2022 and May 29, 2023.

Note 10 Key Management Compensation

Parties are considered a related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties. Key management includes directors and key executives of the Company.

During the fifteen months ended March 31, 2022 and twelve months ended December 31, 2020, the Company had the following transactions with the officers and directors of the Company:

	March 31, 2022	December 31, 2020
	\$	\$
Wages and benefits: Directors	827	371
Wages and benefits: Management	3,247	2,613
Share based compensation: Directors	57	276
Share based compensation: Management	1,680	1,860
Termination benefits: Management	730	150
	6,541	5,270

As at March 31, 2022, an amount of \$429 (December 31, 2020 – \$150) was due to directors and management. These amounts are non-interest bearing, unsecured, due on demand and included in accounts payable and accrued liabilities on the consolidated statements of financial position.

Note 11 Loss per Share

Loss per common share is calculated using the weighted average number of common shares outstanding. The weighted average number of share outstanding for the fifteen months ended March 31, 2022 was 327,012,541 (December 31, 2020 – 291,589,929).

Diluted income per common share is calculated using the weighted average number of common shares outstanding taking into consideration the weighted average impact of dilutive securities. All of the Company's potentially dilutive securities are anti-diluted during the periods presented due to losses incurred.

Note 12 Management of Capital

The Company's objectives when managing capital are to sustain a sufficient capital base so as to maintain investor, creditor, supplier, and customer confidence and to sustain the future development of the business. The Company does not have any externally imposed capital requirements to which it is subject.

The Company defines capital as the aggregate of its shareholders' equity, credit facilities, lease liabilities, and convertible debt. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash. In the current period, the Company manages its capital with a heightened focus on maintaining and improving its liquidity. During the fifteen months ended March 31, 2022, there has been no other significant changes to the management of capital.

Note 13 Inventory

Inventory is comprised of the following items as at:

	March 31, 2022	December 31, 2020
	\$	\$
Finished goods	4,454	3,890
Work-in-progress	27,992	21,919
Supplies and consumables	2,940	1,433
Inventory provision	(13,722)	–
Total inventory	21,664	27,242

Inventory provision mostly relates to work-in-progress. In addition to the inventory provision, during the period, the Company wrote off inventory of \$5,926 (December 30, 2020 – \$24,922).

Note 14 Biological Assets

Biological assets are valued in accordance with IAS 41. The Company's biological assets consist of cannabis plants. As there is no actively traded commodity market for these, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data which are considered level 3 inputs under IFRS. These inputs are subject to volatility in market prices and several uncontrollable factors could significantly affect the fair value of assets in the future. The fair value is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. The Company capitalizes all the direct and indirect costs as incurred related to the transformation of biological assets and measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year.

The Company's estimates are subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future years. As at March 31, 2022, the biological assets strains consisted of indoor plants which were on average 63% complete. There were no outdoor plants.

The following table depicts the changes in the fair value measurement (unrealized gain/loss resulting from fair value changes on growth of biological assets) and the fair value of biological assets as of March 31, 2022 and December

31, 2020 as required by IFRS 13 fair value measurement.

	\$
Balance, December 31, 2019	971
Changes in fair value less costs to sell due to biological transformation	7,870
Production costs capitalized to biological assets	5,419
Transferred to inventory upon harvest	(11,749)
Balance, December 31, 2020	2,511
Changes in fair value less costs to sell due to biological transformation	1,333
Production costs capitalized to biological assets	22,053
Transferred to inventory upon harvest	(24,718)
Balance, March 31, 2022	1,179

In determining the fair value of biological assets, management had made the following significant assumptions in the valuation model:

	Indoor	Outdoor
Average fair value per gram (\$)	0.98	0.16
Average yield per plant (grams)	60	750
Average of growth cycle (weeks)	13	16

The Company values cannabis plants at fair value. Management determined cost approximates fair value from the date of receiving the vegetative plants until halfway through the flowering cycle of plants. Measurement of the biological transformation of the plant at fair value begins in the fourth week prior to harvest and is recognized evenly until the point of harvest. The number of weeks in the growing cycle is between twelve and sixteen weeks from propagation to harvest.

The fair value adjustment to biological assets and inventory sold consists of the following for the fifteen and twelve months ended:

	March 31, 2022	December 31, 2020 restated – note 23
	\$	\$
Realized fair value amounts included in inventory sold	120	18,591
Change in fair value on growth of biological assets	1,333	(7,870)
Fair value changes in biological assets and inventory sold	1,453	10,721

Note 15 Expenses by Nature

The consolidated statements of loss and comprehensive loss include the following expenses by nature for the fifteen and twelve months ended:

	March 31, 2022	December 31, 2020
	\$	\$
Salaries, bonuses and benefits	24,601	11,576
Share-based compensation	2,899	2,690
Termination benefits and severance costs	1,362	364
Total	28,862	14,630

Salaries, bonuses and benefits relating to manufacturing and production facilities are capitalized to inventory and then expensed to cost of sales upon the sale of goods. During the fifteen months ended March 31, 2022, the

Company recognized salaries, bonuses and benefits of \$24,601 (December 31, 2020 – \$13,781), of which \$7,842 (December 31, 2020 – \$3,559) was included in cost of sales and \$16,759 (December 31, 2020 – \$8,017) was included in operating expenses.

During the fifteen months ended March 31, 2022, the Company recorded \$400 from the Canada Emergency Wage Subsidy as a reduction to wages and benefits in the consolidated statements of loss and comprehensive loss. For the twelve months ended December 31, 2020, the Company recorded \$4,700 as a reduction to wages and benefits. The Company does not have a defined contribution or defined benefit plan.

Note 16 Convertible Debt

Aleafia Convertible Debt

In June 2019, the Company issued 40,250 additional convertible debentures units (the “Aleafia Convertible Debt Unit”) for gross proceeds of \$40,300. The Aleafia Convertible Debt Unit consists of one \$1,000 principal amount of unsecured convertible debenture of the Company and 680 common share purchase warrants, under the following terms:

- A maturity date of June 27, 2022,
- An interest rate of 8.5% per annum, payable semi-annually,
- Convertible at \$1.47 per share until June 27, 2022, at the option of the holder, and
- The Company may accelerate the expiry date of the common share purchase warrants with not less than 30 days’ notice, should the daily volume weighted average trading price of the outstanding common shares of the Company on the TSX be greater than \$3.10 for 20 consecutive trading days.

During 2019, Debenture holders converted \$2,900 debentures to common shares. Accordingly, the remaining principal balance to be paid upon maturity is \$37,350.

On December 31, 2021, the Company did not make a scheduled interest payment of \$1,587 and did not make the payment within the 30-day cure period, thereafter. The Company has entered into a Forbearance Agreement with Debenture holders representing 62% of the Debentures’ aggregate principal amount outstanding (the “Holders”). The Forbearance Agreement’s initial term extends to February 28, 2022, and the agreement automatically renews for 14-day periods thereafter unless notice to the contrary is provided. Under the Forbearance Agreement, the Holders, among other considerations, forebear in enforcing their rights or remedies against the Company under the Indenture and otherwise at law with respect to the non-payment of interest until the expiry of the Term. Under the Forbearance Agreement, the Holders and the Company have agreed to work expeditiously and in good faith to negotiate a potential transaction to amend the terms associated with the Convertible Debt. The accrued interest in the amount of \$2,379 is recorded in accounts payable and accrued liabilities on the consolidated statements of financial position.

Refer to subsequent event note 22.

Emblem Convertible Debt

On March 14, 2019, Aleafia Health acquired Emblem Corp. by way of a statutory plan of arrangement under the provisions of the Canada Business Corporations Act (the “**Arrangement**”), pursuant to which, among other things, Aleafia Health acquired all of the issued and outstanding common shares of Emblem, following Emblem’s amalgamation with Aleafia Health’s wholly-owned subsidiary, 11208578 Canada Inc., to form a new wholly-owned subsidiary of the Company continuing as Emblem Corp.

On completion of the Arrangement, Aleafia Health assumed the obligations of the convertible debentures previously issued by Emblem Corp. in February 2018 pursuant to a supplemental trust indenture dated March 2019 (the

“Supplemental Indenture”). These convertible debentures were originally sold at a price of \$1,000 per unit for gross proceeds of \$25,000. Under the Supplemental Indenture, the convertible debentures are subject to the following terms:

- a maturity date of February 2, 2021,
- an interest rate of 8% per annum, payable semi-annually, and
- convertible at \$2.3875 per share, subject to adjustment in certain events, at the option of the holder.

Upon maturity on February 2, 2021, the debt was repaid in full.

The below table summarizes the changes in the total consolidated convertible debentures.

	\$
Balance, December 31, 2019	51,009
Amortization of transaction costs	2,081
Interest accretion	3,712
Balance, December 31, 2020	56,802
Repayment of convertible debt	(25,650)
Interest accretion	5,249
Balance, March 31, 2022	36,401

Note 17 Credit Facilities

Credit Facility – Current

On December 24, 2021, the Company entered into a new loan agreement that provides for a term facility of \$12,000 and access to a revolving facility up to \$7,000. The loans bear interest at a rate of the National Bank of Canada prime (with a floor of 3.45%) rate plus 9%, annually, with an effective interest rate of 14.8%. Under the agreement, the Company prepaid interest of \$749. The availability under the revolving facility is subject to an advance rate against certain accounts receivable balances. Both facilities are payable on the earlier of demand and two years from funding.

The Company received net proceeds of \$10,798 on December 24, 2021.

The facility is secured by first lien mortgages on the Paris, Ontario and Grimsby, Ontario production facilities and certain equipment and a general security agreement on the Company.

During the period, the Company breached its financial covenant under the term facility and incurred an acknowledgement fee of \$60, which is included in the amortized cost. The amount drawn from the revolving facility as at March 31, 2022 was \$500.

The amortization of the credit facility as at March 31, 2022:

	\$
Balance, December 31, 2020	—
Amortized cost	11,440
Penalty	60
Interest accretion	73
Interest expense	397
Interest paid	(397)
Credit facility	11,573
Revolver	500

Subsequent to March 31, 2022, the Company drew down an aggregate of \$1,271 against the revolving facility. The remaining undrawn balance available is \$5,229.

Credit Facility – Non Current

On August 23, 2021, the Company entered into a secured Credit Agreement, to receive \$10,000 for working capital and general corporate purposes. The term of the loan is for one year and bears simple interest at a rate of 12%, with an effective interest rate of 17.3%.

Accrued interest may either be paid monthly in arrears or upon maturity of the facility. In addition, up to 1,000,000 common share purchase warrants with an exercise price of \$0.32 were granted and vest in four tranches of 250,000 quarterly commencing November 20, 2021. The warrants were ascribed a value of \$131, using Black Scholes pricing model.

The facility is secured by a first lien mortgage on the Port Perry, Ontario facility. On December 24, 2021, the Company entered into an amendment with its lender to revise certain terms in the credit facility. Second lien mortgages were granted against the Paris, Ontario and Grimsby, Ontario production facilities. The maturity date was extended by approximately 16 months to December 24, 2023 and the stated interest rate applicable changed to 12.45%.

The Company made a principal repayment of \$5,000 against the credit facility, together with accrued interest and fees on January 7, 2022. The first tranche of the common share purchase warrants of 250,000 vested on November 20, 2021. Due to the early repayment, the second tranche vesting February 20, 2022, was reduced to 190,217 from 250,000. The remaining number of common share purchase warrants of 250,000 will vest equally over the original term of the facility on May 20, 2022 and August 20, 2022.

As a result of the amendments to the credit facility, the present value of the amended terms decreased the amortized cost by \$152. This amount is offset with the interest expense of \$628 and is recorded as a reduction to interest expense in the consolidated statements of loss and comprehensive loss.

	\$
Balance, December 31, 2020	—
Amortized cost	9,749
Principal repayment	(5,000)
Interest paid	(380)
Interest accretion	254
Accrued interest	604
Adjustment to amortized cost	(152)
Balance, March 31, 2022	5,075

Note 18 Investments

On November 22, 2018, the Company entered into a Master Joint Venture Agreement (“the Agreement”) with SPE Finance LLC (“SPE”) to establish a joint venture for the purpose of owning and managing retail stores with a focus on selling cannabis and cannabis-related products across Canada and internationally (excluding the United States of America). The intention is to create, fund and govern the operations of the joint venture in the form of a corporation to carry on biological business. The joint venture was incorporated under the name One Plant (Retail) Corp. (“OPC”).

The Company paid \$4,000 for the issuance of 99 common shares of OPC and as a result owns 9.4% of the outstanding common shares of OPC. For accounting purposes, the Company classified its interest in OPC at fair value through profit and loss and as an investment.

OPC is a private entity without observable market prices for its common shares and this investment is measured at its estimated fair value which is calculated based on a valuation technique that uses inputs derived by management which are considered level 3 in the fair value hierarchy (refer to note 19). The Company has reviewed the results of operations of OPC based on the financial information provided by management of OPC and prepared a cash flow projection. The Company used a discount rate of 15% to estimate the fair value as at December 31, 2020, and March 31, 2022.

During the fifteen months ended March 31, 2022, the Company recorded a decrease in the fair value of the investment OPC of \$1,609 as a fair value through profit and loss adjustment in the consolidated statements of loss and comprehensive loss. The estimated fair value of the Company's investment in OPC required management to use significant estimates and judgments including the estimated forecasted cash flows and discount rate assumption.

The Company invested \$100 in CannaPacific in January 2019, \$600 in April 2019 and \$216 in June 2021.

CannaPacific is a private entity without observable market prices for its common shares and this investment is measured at its estimated fair value which is calculated based on a valuation technique that uses inputs derived by management which are considered level 2 in the fair value hierarchy (see Note 19).

During the fifteen months ended March 31, 2022, the Company determined that its investment in CannaPacific was more than likely not to be recoverable due to current market conditions and recorded a decrease in the fair value of its investment of \$2,836. The change in fair value is recorded in the fair value through profit and loss adjustment in the consolidated statements of loss and comprehensive loss. The estimated fair value of the Company's investment in CannaPacific required management to use significant estimates and judgments including the estimated forecasted cash flows and discount rate assumption.

Note 19 Financial Instruments and Financial Risks

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, marketable securities, trade and other receivables, investments, accounts payable, lease liability, and convertible debt. The following table summarizes the carrying values of the Company's financial instruments by measurement category:

	March 31, 2022	December 31, 2020 restated – note 23
	\$	\$
Fair value through profit and loss (i)	5,150	37,149
Assets, amortized cost (ii)	11,085	9,311
Liabilities, amortized cost (iii)	83,530	80,208

- (i) Cash, restricted cash, investments, and marketable securities
- (ii) Trade receivables
- (iii) Accounts payable, lease liability, credit facilities and convertible debt

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
- Level 3 - Inputs that are not based on observable market data

The following tables sets for the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as at March 31, 2022 and December 31, 2020:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	1,356	–	–	1,356
Restricted cash	213	–	–	213
Marketable securities	1,190	–	–	1,190
Investments	–	–	2,391	2,391
Total, March 31, 2022	2,759	–	2,391	5,150

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	29,968	–	–	29,968
Restricted cash	561	–	–	561
Investments	–	2,620	4,000	6,620
Total, December 30, 2020	30,529	2,620	4,000	37,149

The carrying value of trade receivables and accounts payable are a reasonable approximation of their fair value due to their short-term nature. The carrying value of lease liability and convertible debt are a reasonable approximation of their value based on market interest rates for similar instruments as at March 31, 2022.

During the fifteen months ended March 31, 2022 there were no transfers between Level 1, Level 2, and Level 3 fair value measurements. There has been no change in fair value of the Company's investment in OPC (classified as Level 3) as disclosed in Note 18. The value of investment is assessed based on a discounted cash flow model. The following factors have a potential impact on net earnings/loss based on various combinations of changes in unobservable inputs in the Company's internal valuation models for its investment in OPC:

- Fair value of investment: \$2,391
- After-tax discount rate: 13% to 19%

Adjustment of management revenue received due to risk and uncertainties: (15%) / +15%

Hypothetical \$ change effect on fair value measurement and net earnings / loss for the year: (\$1M) - \$2M.

The analysis assumes variation within a reasonable possible range determined by the Company based on an analysis of the return, management's knowledge of the cannabis retail store market and the potential impact on the changes in the interest rates.

The impact on the internal valuation models from changes in significant unobservable inputs deemed to be subject to the judgement and estimates disclosed above shows the hypothetical increase (decrease) in net earnings / loss. Changes in the after-tax discount rates, adjustment for risk and uncertainty over amounts of payment to be received, each in isolation, would hypothetically change the fair value of the Company's investments as noted above. Generally, an increase (decrease) in long term growth rates, or a decrease (increase) in after-tax discount rates, would result in higher (lower) fair value of the Company's investment in OPC.

Risk Management

Effective risk management is fundamental to the success of the organization and is recognized as key in the Company's overall approach to strategy management. The Company has a strong, disciplined risk culture where managing risk is the responsibility shared by all of the company's employees.

The primary goals of the risk management are to ensure that the outcomes of risk-taking activities are consistent with Company's strategies and the risk appetite and that there is an appropriate balance between risk and reward in order to maximize shareholder value.

The Company has identified the below potential risk categories:

a) Currency risk

The Company's revenues and expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary assets or liabilities and has few transactions denominated in a currency other than Canadian dollars. The Company is attracting foreign investments. During the fifteen months ended March 31, 2022, there has been no change to the management of this risk.

b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits, the variable rate of interest applicable to the \$12,000 term facility and the drawn amount of the \$7,000 revolving facility. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term in nature. The interest rate risk on convertible debt is insignificant due to the fixed rate of interest on convertible debt. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company monitors interest rate and may enter into derivative instruments to hedge interest rate risk should it deem it economically efficient.

c) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash, trade and other receivables and marketable securities. The risk exposure is limited to their carrying values reflected on the consolidated statements of financial position. To minimize the credit risk the Company places these instruments with a high-quality financial institution. There are no expected credit losses with respect to cash and as the Company does not invest in asset backed investments. To manage and mitigate credit risk, the Company has the option in certain cases to receive product in kind.

For the fifteen months ended March 31, 2022, the expected credit losses of trade and other accounts receivables was assessed based on the expected loss model in compliance with IFRS 9. Individual receivables that were known to be incurred credit losses are written off by reducing the carrying amount directly, and this is reevaluated and subject to change as the Company reevaluates its credit risk exposure. Pursuant to their collective terms, trade accounts receivable, were aged as follows:

	March 31, 2022	December 31, 2020 restated – note 23
	\$	\$
Current	6,364	1,379
0 – 30 days past due	250	537
31 – 60 days past due	95	145
61 – 90 days past due	69	83
90 + days past due	1,041	79
Provision for credit losses	(519)	(762)
Other receivables	3,785	7,850
Total	11,085	9,311

The standard payment terms applicable to most customers are between 30 – 60 days upon receipt of goods.

The Company has concentration risk, as approximately 76% [December 31, 2020 – 75%] of total revenue came from three [2020 – four] customers and approximately 79% [2020 – 38%] of total trade accounts receivable is due from three [2020 – two] customers.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has experienced recurring losses and has a cumulative deficit of \$493,203. Cash flow from operations is negative. Refer to note 2, Going Concern.

As at March 31, 2022, the Company has total current assets of \$40,462 (December 31, 2020 – \$74,656) and total current liabilities of \$76,622 (December 31, 2020 – 45,041), providing for net current liability of \$36,160 (December 31 2020 – net current asset of \$29,615). The significant change during the fifteen months ended March 31, 2022 is a result of the convertible debentures approaching maturity and continued losses from operations.

The Company has the following undiscounted future payments for convertible debenture, credit facilities, lease obligations, and purchase commitments as at March 31, 2022:

	within 1 year	2 years	3 years	4 years	5 years and thereafter
	\$	\$	\$	\$	\$
Convertible debenture	39,729	–	–	–	–
Credit facilities	–	17,650	–	–	–
Lease obligations	918	1,028	1,033	171	6
Purchase commitments	129	60	60	–	–
Total	40,776	18,738	1,093	171	6

The interest on the credit facilities not included in the table above is approximately \$2,400 within one year and approximately \$1,800 due between one year and two years.

Note 20 Commitments and Contingencies

In the ordinary course of business, from time to time, the Company may be involved in various claims related to its commercial and/or corporate activities. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these consolidated financial statements.

Certain of Emblem Corp.'s former executives have been named in a claim commenced March 20, 2015, in the Ontario Superior Court of Justice that also identifies Emblem Corp. and Emblem in relation to certain services provided to the parties by an individual. The plaintiff has claimed \$10,000 in damages. The claim is being contested and the action is proceeding to mediation in the latter half of fiscal 2022. The outcome of this legal matter is subject to negotiations by the officers of the Company and the Company believes it is unlikely to be impacted and accordingly, no amount has been provided for. A separate claim was also initiated by Amos Tayts on March 22, 2019, in the Ontario Superior Court of Justice against Emblem and Emblem Corp. arising out of the same facts and seeking the same damages. It is also being contested.

On June 16, 2020, a class-action lawsuit was issued in Calgary, Alberta by Lisa Marie Langevin as the proposed representative plaintiff. The claim has been filed against most of the cannabis manufacturers in Canada and includes, among the many defendants, Emblem Corp. and Aleafia Health. The claim alleges that the THC and CBD levels in the products manufactured and/or sold by the defendants differed from what was represented on packaging, specifically alleging that THC and CBD levels were found to be significantly higher than indicated in some products while others may have had significantly lower levels. The action is seeking \$500,000 (or such other amount as may be proven at trial) for all Canadians who purchased medicinal cannabis products on or after June 16, 2010, as well as Canadians who legally purchased cannabis for recreational purposes on or after October 17, 2018. The claim also seeks \$5,000 in punitive damages. Ms. Langevin has not alleged that she ever purchased product from Emblem or Aleafia Health. The case is at its earliest stages. The Company believes it has good defenses to the claim and intends to vigorously defend the claim. Accordingly, at this stage no amount has been provided for in the consolidated statements of financial position in respect of this claim.

Note 21 Income Taxes

The Company has non-capital losses carried forward of approximately \$263,000 available to reduce income taxes in future years which expire from 2030 to 2040. The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates for the fifteen and twelve months ended, respectively:

	March 31, 2022	December 31, 2020 restated – note 23
Loss and comprehensive loss for the period	(169,867)	(255,505)
Canadian statutory income tax rate	26.5%	26.5%
	\$	\$
Income tax recovery at statutory rate	(45,015)	(67,709)
Effect of income taxes of:		
Permanent differences and other	17,105	55,075
Change in deferred tax assets not recognized	25,056	10,094
Deferred income tax (recovery)	(2,854)	(2,540)

The temporary differences that give rise to significant portions of the deferred tax assets and liabilities are presented below:

	March 31, 2022	December 31, 2020
	\$	\$
Non-capital loss carry forwards	69,719	28,803
Property, plant, and equipment	(541)	(715)
Investment	(634)	(503)
Biological assets and inventory	6,053	4,456
Intangible assets	–	(13,858)
Convertible debentures	(252)	(1,388)
Lease liability IFRS 16	624	269
Share issue costs	1,320	1,564
Deferred tax assets not recognized	(76,289)	(21,482)
Deferred income tax liability	–	(2,854)

Note 22 Subsequent Events

Convertible Debenture Amendments

On May 12, 2022, the Company announced it had reached an agreement in principle with the convertible debenture holder-nominated steering committee to amend certain key commercial terms of its unsecured convertible debenture, maturing June 27, 2022. The agreement includes, among other things, exchanging the current convertible debentures for new convertible debentures with maturities in two, four and six years. The interest rate remains the same at 8.5%, with payment in kind with additional new convertible debentures and a reduction in the conversion price from \$1.47 to \$0.25 for the debentures expiring in 2024, \$0.30 for the debentures expiring in 2026, and \$0.35 for the debentures expiring in 2028. The new convertible debentures will be secured against certain assets of the Company, however subordinated to the Company's other secured credit facilities.

On June 20, 2022, Debenture holders representing approximately 76% of the aggregate principal amount of Debentures outstanding had executed consents in favour of the amendments to the Debentures (the "**Debenture Amendments**"), exceeding the required 66 2/3% for the written extraordinary resolution to approve the Debenture Amendments. The transaction is expected to close the week of June 27, 2022.

Equity Financing Private Placement

Contemporaneously, on May 12, 2022, the Company entered into a Subscription Agreement comprising of common shares and warrants (the "**units**") for total aggregate gross proceeds of \$5,600, by way of private placement (the "**Private Placement**"). Under the Private Placement the Company will issue 68,151,515 units at a price of \$0.0825. Each unit consists of one common share and one-half warrant. A full warrant is exercisable at a price of \$0.1025 for up to four years from date of issuance. The Company can elect to accelerate the expiry date after four months of issuance in the event the share price exceeds \$0.165 for any 10 consecutive trading days. The closing of the Private Placement was completed on June 24, 2022.

Note 23 Restatement of Corresponding Amounts

The Company has restated its consolidated statements of financial position as at December 31, 2020 and its consolidated statements of loss and comprehensive loss, consolidated statement of changes in shareholders' equity and consolidated statements of cash flows for the year ended December 31, 2020. In the course of preparing the Company's consolidated financial statements for the year ended March 31, 2022, a misinterpretation was discovered involving two non-recurring transactions in the bulk wholesale sales channel recorded in the quarters ended June 30, 2020 and September 30, 2020.

In the periods ended June 30 and September 30, 2020, the Company recorded net revenue of \$6,163 and \$2,104,

respectively. Both of these non-recurring transactions in the bulk wholesale sales channel were to one customer. These transactions provided the wholesale customer with extended payment terms which were initiated upon shipment to the customer. Some products which were shipped to the customer were later returned to the Company. No payment to date has been received by the Company for either of these two non-recurring transactions.

The following tables present the impact of the restatement adjustments on the Company's previously reported consolidated financial statements as at and for the year ended December 31, 2020, as well as the impacts on the consolidated statement of financial position as at January 1, 2021. The "Restated" columns for 2020 reflect final adjusted balances after the restatement.

	December 31, 2020	December 31, 2020	December 31, 2020
	As presented	Adjustments	Restated
	\$	\$	\$
Consolidated Statement of Financial Position			
Trade and other receivables	17,578	(8,267)	9,311
Deficit	(315,069)	(8,267)	(323,336)
Consolidated Statement of Loss and Comprehensive Loss			
Revenue	45,673	(8,267)	37,406
Costs of sales	22,082	(6,510)	15,572
Fair value changes in biological assets and changes in inventory sold	(12,160)	1,439	(10,721)
Inventory provision	(16,973)	(7,949)	(24,922)
Net loss and comprehensive loss	(247,238)	(8,267)	(255,505)
Loss per share, basic and diluted	(0.85)	(0.03)	(0.88)
Consolidated Statement of Changes in Shareholders' Equity			
Net loss for the year	(247,238)	(8,267)	(255,505)
Consolidated Statement of Cash Flows			
Net loss for the period	(247,238)	(8,267)	(255,505)
Adjustments for non-cash items:			
Inventory write-down	16,973	7,949	24,922
Fair value changes in biological assets and changes in inventory sold	12,160	(1,439)	10,721
Changes in operating working capital:			
Trade and other receivables	(8,153)	8,267	114
Inventory	(26,673)	(6,510)	(33,183)



ALEAFIA HEALTH INC.
CONSOLIDATED FINANCIAL STATEMENTS

(expressed in Canadian dollars)
For the years ended December 31, 2020 & 2019

A photograph of a sharp, snow-capped mountain peak against a pink and purple sky. The mountain is covered in snow and has a jagged, rocky appearance. The sky is a gradient of colors, suggesting a sunset or sunrise.

AleafiaHealth.com

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MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Aleafia Health Inc.:

The accompanying consolidated financial statements of Aleafia Health Inc. and its subsidiaries (the "Company") were prepared by management, which is responsible for the integrity and fairness of the information presented, including the many amounts that out of necessity are based on estimates and judgements. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

In fulfilling its responsibilities, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of these consolidated financial statements.

The Board of Directors oversees the responsibilities of management for financial reporting through an Audit Committee, which is composed entirely of independent directors. This Audit Committee reviews the consolidated financial statements and recommends them to the Board of Directors for approval. They meet regularly with management to review internal control procedures and advise directors on accounting matters and financial reporting issues.

"Geoffrey Benic"

Geoff Benic
Chief Executive Officer

"Benjamin Ferdinand"

Benjamin Ferdinand
Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Aleafia Health Inc.

Opinion

We have audited the consolidated financial statements of Aleafia Health Inc. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters to be communicated in our auditors' report are as follows:

Impairment of goodwill and intangible assets

We draw attention to Notes 3(b), 4 and 7 to the consolidated financial statements. Goodwill and indefinite lived intangible assets are not amortized but are reviewed for impairment annually or more frequently when events or changes in circumstances indicate that the carrying amount of the cash generating unit ("CGU") exceeds its recoverable amount. Intangible assets with finite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. During the year ended December 31, 2020, the Company recorded an impairment charge of \$177 million for goodwill and \$22 million for its intangible assets. Estimating the recoverable amount of a CGU and an intangible asset is complex and is subject to significant judgment in relation to assumptions used by management. Significant assumptions used by management to estimate the recoverable amount include growth and discount rates, as well as future revenues and gross margins.

We identified the evaluation of the impairment of goodwill and intangible assets as a key audit matter as significant auditor judgment and the involvement of professionals with specialized skill and knowledge were required to evaluate the Company's methods and use of estimates, assumptions and judgements in estimating the recoverable amount of the CGU and intangible assets.

Our audit response to the key audit matter was as follows:

- We obtained an understanding of the controls and control activities in place related to the determination and management's review of significant assumptions used in the calculation.
- We performed sensitivity testing to consider the impact of changes in certain assumptions on the estimate of recoverable amount.
- With the assistance of our internal valuation specialist:
 - We evaluated whether the valuation techniques used in estimating the recoverable amounts were appropriate.
 - We compared the discount rate used to the weighted average cost of capital and to a range developed using publicly available information for comparable companies.
- We compared growth rates used by management to historical information, approved budgets, the Company's production capacity as well as industry standards.

Valuation of biological assets and cannabis inventory

We draw attention to Notes 3(a), 11 and 12 to the consolidated financial statements. Biological assets are measured at fair value less cost to sell at the stage of completion. The Company values inventories of harvested bulk cannabis and finished goods at the lower of cost and net realizable value.

In estimating the fair value of the biological assets, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, average yield per plant, harvesting costs, selling costs, selling price, and the allocation of indirect costs, which form part of the standard cost per gram to complete production. In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value.

We identified the assessment of the measurement of the fair value of biological assets and net realizable value of cannabis inventory as a key audit matter as a high degree of auditor judgment was required to evaluate the significant assumptions and estimates made by management.

Our audit response to the key audit matter was as follows:

- We performed sensitivity analyses over the Company's significant assumptions used to determine the fair value of biological assets to assess the impact of changes in those assumptions on the Company's determination of fair value.
- We tested the stage of growth by observing the plants at year-end.
- We tested the average expected yield per plant by comparing actual results of the current year to historical results of operations.
- We tested the average selling price per gram by comparing to estimates used by management to actual sales prices per gram in actual sales transaction during and subsequent to year-end.
- We also tested the net realizable value of inventory by comparing the carrying value of inventory to the prices in sales near and subsequent to year-end.

Recognition of revenue

We draw attention to Note 2(q) to the consolidated financial statements. The Company recognizes revenue from the sale of cannabis when control of the product transfers to the customer, which is typically when the product is delivered or the time the product is received by the customer. From time-to-time, the Company enters into agreements that transfer control of the product to the customer, but the product is not delivered until a later date. Management is required to exercise a significant amount of judgment in making the determination as to whether the revenue recognition criteria have been met.

We identified the recognition of revenue for these types of sales as a key audit matter as a high degree of auditor judgment was required to evaluate whether the revenue recognition criteria were met.

Our audit response to this key audit matter was as follows:

- We examined each of the contracts with customers.
- We confirmed the key terms of the contracts with customers and the reason for the transaction.
- We obtained confirmations from customers as to the amount of revenue earned from them under these agreements
- On a test basis we observed inventory that was the subject of these agreements and examined evidence of delivery subsequent to year end.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Fernando J. Costa.

/S/ MANNING ELLIOTT LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia
March 24, 2021

ALEAFIA HEALTH INC.**Consolidated Statements of Financial Position**

As at December 31, 2020 and December 31, 2019 (Amounts reflected in thousands of Canadian dollars)

	Note	2020	2019
ASSETS			
Current			
Cash and cash equivalents		\$ 30,529	\$ 41,247
Marketable securities		-	1,452
Trade and other receivables		13,041	4,847
Tax receivables		4,537	6,498
Prepaid expenses		5,063	5,756
Prepaid expenses for supply agreement		-	22,756
Inventory	11	27,242	34,115
Biological assets	12	2,511	971
		82,923	117,642
Non-current			
Prepaid deposit for property, plant, and equipment		-	3,612
Property, plant, and equipment	6	78,469	64,338
Deferred expenses		460	1,036
Right-of-use assets	5	2,782	1,071
Investments	13	6,620	4,616
Intangible assets	7	54,715	81,252
Goodwill	4	11,314	188,790
		154,360	344,715
TOTAL ASSETS		\$ 237,283	\$ 462,357
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9	\$ 20,166	\$ 20,131
Lease liability	5	441	507
Convertible debt	14	24,361	-
Deferred revenue		73	101
		45,041	20,739
Non-current			
Lease liability	5	2,726	700
Convertible debt	14	32,441	51,009
Deferred tax liability	19	2,854	5,394
		38,021	57,103
TOTAL LIABILITIES		83,062	77,842
SHAREHOLDERS' EQUITY			
Share capital	8	384,265	371,744
Contributed surplus	8	85,025	80,602
Deficit		(315,069)	(67,831)
		154,221	384,515
TOTAL LIABILITIES AND EQUITY		\$ 237,283	\$ 462,357

COMMITMENTS AND CONTINGENCIES (Note 16)

SUBSEQUENT EVENTS (Note 18)

Approved and Authorized for issue on behalf of the board on March 24, 2021.

"Daniel Milliard"
Daniel Milliard - Director

"Lea Ray"
Lea Ray - Director

ALEAFIA HEALTH INC.**Consolidated Statements of Comprehensive Loss**

Years ended December 31, 2020 and 2019

(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

	Notes	2020	2019
Revenue			
Sale of cannabis		\$ 42,219	\$ 12,444
Consultation services		1,884	2,861
Research		1,570	1,861
		45,673	17,166
Excise taxes		1,131	815
		44,542	16,351
Cost of sales			
Doctor services		1,691	2,044
Inventory expensed to cost of sales		19,328	6,744
Gross profit before fair value adjustment		23,523	7,563
Fair value changes in biological assets and changes in inventory sold and other	11	(29,133)	13,219
Gross profit		(5,610)	20,782
Expenses			
Wages and benefits		8,017	8,821
General and administrative		17,086	16,520
Professional fees		4,146	-
Business transaction costs		-	5,212
Bad debt expense		1,892	-
Amortization and depreciation		8,058	5,912
Share-based payments		2,690	13,512
		41,889	49,977
Operating loss		(47,499)	(29,195)
Other (income) expense			
Interest expense		11,636	5,959
Realized gain on settlement		(6,344)	-
Unrealized (gain) loss on investments at FVTPL		(943)	1,796
Realized (gain) loss on investments at FVTPL		(1,181)	-
Goodwill write-down	4	177,476	-
Intangible assets write-down	7	22,116	-
Non-operating income		(481)	(302)
		202,279	7,453
Net loss before income taxes		(249,778)	(36,648)
Income tax			
Deferred income tax expense (recovery)		(2,540)	2,959
Net loss and comprehensive loss		\$ (247,238)	\$ (39,607)
Loss per share, basic and diluted		\$ (0.85)	\$ (0.18)
Weighted average common shares outstanding		291,589,929	215,619,166

The accompanying notes are an integral part of these Consolidated Financial Statements.

ALEAFIA HEALTH INC.**Consolidated Statements of Changes in Equity**

Years ended December 31, 2020 and 2019

(Amounts reflected in thousands of Canadian dollars, except share and warrant amounts)

Common shares					
	Number of Shares	Amount	Contributed Surplus	Deficit	Total
	#	\$	\$	\$	\$
Balances, December 31, 2019	277,893,686	371,744	80,602	(67,831)	384,515
Issuance of common stock	23,000,000	13,110	1,840	-	14,950
Share issuance costs	-	(1,224)	434	-	(790)
Shares issued from warrants and stock options exercised	376,000	635	(541)	-	94
Share-based payments	-	-	2,690	-	2,690
Net loss for the year	-	-	-	(247,238)	(247,238)
Balances, December 31, 2020	301,269,686	384,265	85,025	(315,069)	154,221

Common shares					
	Number of Shares	Amount	Contributed Surplus	Deficit	Total
	#	\$	\$	\$	\$
Balances, December 31, 2018	157,848,812	104,455	15,702	(28,224)	91,933
Shares issued from warrants exercised	1,114,046	1,813	(138)	-	1,675
Shares issued from options exercised	1,681,558	1,973	(1,084)	-	889
Warrants deemed issued for Emblem	-	-	42,775	-	42,775
Shares issued for conversion of convertible debentures	2,094,666	2,351	-	-	2,351
Shares/Options issued for Emblem	110,823,349	252,677	5,922	-	258,599
Shares/Warrants issued for services	2,331,255	5,315	1,316	-	6,631
Equity component of Convertible Debt	-	-	5,499	-	5,499
Shares issued for services	2,000,000	3,160	-	-	3,160
Share-based payments	-	-	10,610	-	10,610
Net loss for the year	-	-	-	(39,607)	(39,607)
Balances, December 31, 2019	277,893,686	371,744	80,602	(67,831)	384,515

The accompanying notes are an integral part of these Consolidated Financial Statements.

ALEAFIA HEALTH INC.**Consolidated Statements of Cash Flows**

Years ended December 31, 2020 and 2019

(Amounts reflected in thousands of Canadian dollars)

	2020	2019
Operating activities		
Net loss for the year	\$ (247,238)	\$ (39,607)
Adjustments for non-cash items:		
Amortization and depreciation	10,164	5,912
Gain on sale of land	-	(166)
Share-based consulting fees	-	5,838
Share-based payments	2,690	13,512
Accretion of convertible debt	6,488	3,426
Deferred income tax recovery	(2,540)	2,959
Bad debt expense	1,892	-
Realized gain on settlement	(6,344)	-
Realized gain on investments at FVTPL	(1,181)	-
Unrealized (gain) loss on investments at FVTPL	(943)	1,796
Impairment of intangible assets	22,116	-
Impairment of goodwill	177,476	-
Inventory write-down	16,973	-
Fair value changes in biological assets and changes in inventory sold	12,160	(13,219)
	(8,287)	(19,549)
Changes in operating working capital		
Prepaid expenses	14,293	(2,991)
Trade receivable	(10,114)	(1,590)
Deferred expenses	574	(1,036)
Biological assets	5,078	12,963
Inventory	(26,673)	(28,263)
Tax receivable	1,961	(5,354)
Accounts payable and accrued liabilities	39	7,638
Cash received from LP settlement	15,500	-
Net cash used in operating activities	(7,629)	(38,182)
Investing activities		
Proceeds from disposal of marketable securities	2,913	-
Investment in OPC	(107)	(616)
Purchase of marketable securities	(1,234)	3,759
Cash acquired on amalgamation	-	19,624
Proceeds from sale of land	-	8,710
Acquisition of property, plant, and equipment	(17,777)	(16,077)
Net cash (used in) provided by investing activities	(16,205)	15,400
Financing activities		
Lease payments	(1,138)	(699)
Convertible debt, net costs	-	33,903
Warrants and options exercised	94	4,281
Proceeds from the issuance of stock	14,160	137
Net cash provided by financing activities	13,116	37,622
Change in cash and cash equivalents	(10,718)	14,840
Cash and cash equivalents, beginning of year	41,247	26,407
Cash and cash equivalents, end of year	\$ 30,529	\$ 41,247

The accompanying notes are an integral part of these Consolidated Financial Statements.

ALEAFIA HEALTH INC.

Notes to the Consolidated Financial Statements

Years ended December 31, 2020 and 2019

(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

Note 1 Nature of Operations

Aleafia Health is a publicly traded corporation existing under the laws of Ontario. Aleafia Health's head and registered office is currently located at 85 Basaltic Road, Concord, Ontario and its corporate website is www.AleafiaHealth.com.

Aleafia Health Inc. ("Aleafia Health") is a vertically integrated and federally licensed Canadian cannabis company offering health and wellness services. The Company's four primary business units are Cannabis Cultivation & Products, Health & Wellness Clinics, Cannabis Education and Consumer Experience with e-commerce, retail distribution and provincial supply agreements.

The Company owns three cannabis product and cultivation facilities, which are licensed and operational. The Company produces a diverse portfolio of commercially proven, high-margin derivative products including flower, pre-rolls, oil drops, oil capsules and oil sprays. Aleafia Health operates the largest national network of medical cannabis clinics and education centers staffed by physicians, nurse practitioners and educators.

Aleafia Health was originally incorporated under the Business Corporations Act (British Columbia) as Wyn Metals on February 2, 2007. On March 26, 2018, concurrent with the completion of a business combination with Canabo Medical Inc., the Company changed its name to "Aleafia Health Inc." On June 27, 2018, the Company continued into Ontario under the Business Corporations Act (Ontario). For further information on these transactions, please refer to the Company's Annual Information Form dated March 18, 2020.

On March 14, 2019, the Company acquired Emblem Corp. by way of a statutory plan of arrangement under the provisions of the Canada Business Corporations Act (the "Arrangement"), pursuant to which, among other things, Aleafia Health acquired all of the issued and outstanding common shares of Emblem Corp. following Emblem's amalgamation with Aleafia Health's wholly-owned subsidiary, 11208578 Canada Inc., to form a new wholly-owned subsidiary of the Company continuing as "Emblem Corp." ("Emblem"), see "Note 4. Business Combination and Asset Acquisition".

Following the completion of the Arrangement, on March 19, 2019, the common shares of the Company ceased trading on the TSX Venture Exchange Inc. ("TSXV") and commenced trading on the Toronto Stock Exchange ("TSX") under its existing symbol "ALEF" which was subsequently changed to "AH" on May 27, 2020. Emblem Shares were delisted from the TSXV on March 18, 2019.

Note 2 Significant Accounting Policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on March 24, 2021.

Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company and its subsidiaries is the Canadian dollar.

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a) Consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries, as presented below. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All intercompany transactions and balances have been eliminated.

Ownership interest	Years ended December 31	
	2020	2019
	%	%
Aleafia Inc.	100	100
Canabo Medical Corporation ("Canabo")	100	100
Aleafia Farms Inc. ("Aleafia Farms")	100	100
Emblem Corp. ("Emblem")	100	100
Emblem Cannabis Corporation ("ECC")	100	100
GrowWise Health Limited ("GrowWise")	100	100
Emblem Realty Limited ("Emblem Realty")	100	100
Emblem Germany GmbH	60	60
Flying High Brands Inc. ("Flying High")	51	51
Aleafia Brands Inc. (inactive)	100	100
Aleafia Retail Inc. (inactive)	100	100
2672533 Ontario Inc (inactive)	100	100
2676063 Ontario Inc.(inactive)	100	100

b) Cash and cash equivalents

Cash in the consolidated statements of financial position is comprised of cash in banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

c) Biological assets

The Company measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are recognized in the consolidated statement of comprehensive loss. The Company capitalizes all the direct and indirect costs as incurred related to the transformation of biological assets between the initial planting to the point of harvest including labor, labor related, fertilizer, utilities and facility costs and amortization of related production equipment. Seeds are measured at fair market value. Upon harvest, the fair value adjustments including all the capitalized costs are transferred from biological assets to inventory and form the cost basis of the inventory.

d) Inventory

The Company values inventories of harvested bulk cannabis and finished goods at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial cost. Fair value includes capitalized costs and unrealized fair value adjustments. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Inventories of fertilizers and nutrients include costs of purchases net of vendor allowances plus other costs, such as transportation, that are directly incurred to bring the inventories to their present location and condition. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is determined using the weighted average cost basis.

Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining market prices. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is apparent evidence of an increase in selling price then the amount of the write down previously recorded is reversed. Storage costs, indirect administrative overhead, and certain other selling costs related to inventories are expensed in the period incurred.

e) Property, plant, and equipment

The Company's property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment includes expenditures that are directly attributable to the acquisition or construction of the asset. The cost includes the cost of materials and direct labor, site preparation costs, installation and assembly costs, and any other costs directly attributable to bringing the assets to the location and conditions necessary for the assets to be capable of operating in the manner intended by management. The cost of property, plant and equipment also includes any applicable borrowing costs. Borrowing costs are capitalized to property, plant, and equipment until such time that the constructed asset is substantially complete and ready for its intended use.

Property, plant, and equipment are depreciated at the following annual rates and methods:

Computer equipment and software	30% on a declining basis
Office furniture and equipment	20% on a declining basis
Buildings and houses	25 years on a straight-line basis
Leasehold Improvements	Straight-line over term of the lease

Estimates for depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted, if appropriate.

Significant components of property, plant and equipment that are identified as having different useful lives are depreciated separately over their respective useful lives. Depreciation methods, useful lives, and residual values, if applicable, are reviewed and adjusted, if appropriate, on a prospective basis at the end of each fiscal year as a change in estimate. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in profit or loss.

f) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting period. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price on the date of issuance. As these awards can be settled in cash, the expense and liability are adjusted each reporting year for changes in the underlying share price.

g) Provisions

Provisions are recognized when it is probable that the Company is required to settle an obligation (legal or constructive), as a result of a past event, and the obligation can be reliably estimated. The provision represents the Company's best estimate of the amounts required to settle the obligation at the end of the reporting year. When a provision is determined using the expected cash flow method, the carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the amounts required to settle a provision are expected to be recoverable from a third party, a receivable is recognized when it is virtually certain reimbursement is receivable and the expected reimbursement can be reliably measured.

h) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

i) Income taxes

Current income taxes are the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted, and includes any adjustments to tax payable or receivable in respect of previous years. Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

j) Financial Instruments

Financial assets and liabilities are initially measured at fair value. In the case of a financial asset not at fair value through profit and loss (“FVTPL”) transaction costs are included. Transaction costs of financial assets are carried at FVTPL are expressed in the consolidated statements of comprehensive loss. Financial assets are subsequently measured at:

- FVTPL
- Amortized cost
- Fair value through other comprehensive income (“FVOCI”)
- Equity instruments designated at FVOCI; or
- Financial instruments designated at FVTPL

Financial liabilities are subsequently measured at:

- FVTPL
- Amortized cost

The classification is based on whether the contractual cash flow characteristics represent “solely payment of principal and interest” as well as the business model under which the financial assets are managed. Financial liabilities held by the Company are initially measured at fair value and subsequently measured at amortized cost.

k) Impairment of non-financial assets

The carrying amounts of the Company’s non-financial assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or “CGU”). The recoverable amount of an asset or a CGU is the higher of its fair value, less cost to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

l) Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of the reporting years. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

m) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement year adjustments. The measurement year is the year between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of comprehensive loss.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration. In certain situations, goodwill or a bargain purchase gain may result from a business combination. Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognized immediately in the consolidated statements of comprehensive loss as a bargain purchase gain. Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

n) Intangible assets

Intangible assets consist mainly of Health Canada Licenses to produce and sell cannabis, power contracts, brand names and licenses, patient lists and scientific and medical research assets. Acquired Health Canada License to produce and sell cannabis, power contracts and similar assets are carried at cost less accumulated amortization and impairment. Intangible assets with indefinite lives are not amortized but are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. Any impairment of intangible assets is recognized in the statement of operation and comprehensive loss but increases in intangible asset values are not recognized.

Estimated useful lives of intangible assets are shorter of the economic life and the year the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each financial statement of financial position date.

At each financial position reporting date, the carrying amounts of the Company's long-lived assets, including property and equipment and intangible assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Finite-lived intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the following terms:

Health Canada Licences	24 years
OPA power contracts	14 years
Brand names and licences	5 to 15 years
Patient lists	10 years
Scientific and medical research	7 years
Agreement	7 years
IP & R&D	indefinite

The estimated useful life and amortization methods are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

o) Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired on the date of acquisition less any impairment losses. Goodwill is allocated to the Cash Generating Units (“CGU”) to which it relates. Goodwill is measured at historical cost and is evaluated for impairment annually and more often if events or circumstances indicate there may be impairment.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the year in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

p) Segment reporting

The Company operates in one reportable segment. The Company focuses on the medical and recreational cannabis industry, which includes support services such as Canabo Clinics and GrowWise Clinics.

q) Revenue recognition

The Company derives revenue from 1) providing medical consultation services to patients suffering from chronic pain and disabling illnesses, 2) conducting medical research associated with the use of medical cannabis and 3) the sale of cannabis and cannabis products in Canada in accordance with the Cannabis Act . Revenue is recognized upon transfer of control of the promised goods and services to customers in an amount that reflects the consideration of the Company expects to receive in exchange for those goods or services. Performance obligations are satisfied, and revenue is recognized, either over time or at a point in time. Certain activities may give rise to deferred revenue, which are contract liabilities under IFRS 15 and relate to payments received in advance of performance under contracts with customers. Contract liabilities are recognized as revenue as (or when) the Company satisfies its performance obligations under the contracts.

Under bill-and-hold arrangements – whereby the Company bills a customer for product to be delivered at a later date – control typically transfers when the product is still in our physical possession, and title and risk of loss has passed to the customer. Revenue is recognized when all specific requirements for transfer of control under a bill-and-hold arrangement have been met.

Amounts disclosed as net revenue are net of sales tax, duty tax, allowances, discounts and rebates.

- **Medical consultation:** The Company provides medical services to patients on a scheduled

appointment fixed fee basis. Performance of the service is considered complete at the conclusion of the appointment and revenue is recognized at a point in time.

- **Medical research:** The Company provides customers with access to non-specific patient data relating to the use of medical cannabis in the treatment of various illnesses as well as the opportunity to conduct targeted research on the impact medical cannabis may have on specific ailments. Customers are billed a subscription fee for access to data or negotiated contract amounts related to targeted research. In the case of subscription fees, revenue is recognized evenly over the subscription year and revenue from targeted research amounts are recognized based on the extent of progress towards completion of the specific performance obligations related to each individual research project.
- **Sale of cannabis:** Revenue from the sale of cannabis is recognized when the Company transfers control to the customer upon delivery or the time of the product pickup from the Company's facilities by the customer based on the contract-by-contract basis between the Company and the customer.

r) Joint arrangements

A joint arrangement classified as such when the arrangement provides joint control to the parties. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require unanimous consent of parties sharing control. The Company recognizes joint arrangements as either joint ventures or joint operations depending on the circumstances of each arrangement. The assets, liabilities and results of joint operations are included within the respective line items of the Consolidated Statements of Financial Position, Consolidated Statements of Comprehensive Loss, Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows where an arrangement is classified as a joint operation.

Arrangements classified as a joint venture are accounted for using the equity method of accounting. The Company's interest in an investee is initially recorded at cost and is subsequently adjusted for the Company's share of changes in the net assets of the investee, less any impairment in the value of individual investments, and any dividends paid.

Note 3 Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

a) Biological assets and inventory

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant.

In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value, estimated useful lives and impairment of cash-generating units and goodwill.

b) Valuation of intangibles and goodwill

The impairment test for cash generating units (“CGUs”) to which goodwill is allocated based on the value in use of the CGU, determined in accordance with the expected cash flow approach. The calculation is based on assumptions used to estimate future cash flows, the cash flow growth rate and the discount rates. The Company exercises significant judgement in determining CGUs. The Company has identified four CGUs the Company identified four CGU's, namely Aleafia Farms Inc. (AFI), Emblem Corp. (EC), Canabo Medical Corp. (CMC), Flying High Brands and Flying High Retail (FHB and FHR) representing its cannabis cultivation (AFI), processing, sales, and cannabis education operations (EC), medical research operations (CMC), cannabis retail operations (FHB and FHR).

c) Useful lives of property, plant and equipment and intangible assets

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

d) Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities, and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

e) Revenue recognition

Estimates are used when the Company recognizes certain research revenue depending on how frequently patients visit the clinics and what portion of the upfront deposits are considered deferred. Also, significant judgment is exercised to determine if all the specific requirements for the transfer of control under a bill-and-hold arrangement have been met and revenue can be recognized.

f) Valuation of share-based payments

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options

granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used. In calculating the fair value of the warrants, the Company includes key estimates such as the volatility of the Company's stock price, the value of the common share, and the risk-free interest rate.

g) Income taxes

Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Note 4 Business Combination and Asset Acquisition Flying High Brands Inc.

On November 22, 2018, the Company entered into a Master Joint Venture Agreement ("the SPE Agreement") with SPE Finance LLC ("SPE") to establish a joint venture for the purpose of licensing from SPE, certain brands of cannabis and cannabis products in Canada. The joint venture was incorporated under the name Flying High Brands Inc. The Company paid \$1.0 million for 30 common shares of Flying High and issued 6,000,000 common shares with a fair value \$12.1 million for 480 common shares of Flying High, giving the Company 51% ownership of Flying High, with the other 49% owned by SPE. It is intended that Flying High will have multiple income streams throughout the retail value chain and will use the Company's cannabis products for those purposes.

For accounting purposes, the Company controls FHBI and as a result has consolidated its operations from the date of acquisition. The Company determined that this transaction is an asset acquisition as the assets acquired did not constitute a business as defined by IFRS 3. The purchase price of the shares was allocated to intangible assets – license. The Company also incurred acquisition costs of \$0.2 million.

During the year ended December 31, 2020 the Company provided for an impairment charge of \$10.6 million against the carrying value of the license.

Emblem Corp.

On March 14, 2019, the Company completed the acquisition of Emblem Corp. pursuant to a plan of arrangement under the provisions of the Canada Business Corporation Act. Pursuant to the Arrangement, the Company acquired all of the issued and outstanding Emblem shares in exchange for common shares of Aleafia following Emblem's amalgamation with the Company's wholly owned subsidiary, 11208578 Canada Inc., to form a new wholly owned subsidiary of the Company continuing as "Emblem Corp". Pursuant to the Arrangement, Emblem shareholders were entitled to receive 0.8377 of an Aleafia Health common share for each Emblem share held prior to the Arrangement (the "Consideration") with any fractional Aleafia common share being rounded down to nearest whole Aleafia Health common share. The Emblem shares were delisted from the TSXV at the close of business on March 18, 2019.

Prior to the completion of the Arrangement, Emblem had outstanding three classes of warrants to purchase

Emblem shares listed on TSXV. The listed warrants, with the exception of any listed Emblem Warrants that were exercised prior to closing of the Arrangement, remain outstanding as warrants of “Emblem Corp” that upon exercise will entitle the holder thereof to receive the Consideration.

Former options to purchase Emblem shares were replaced, pursuant to the Arrangement, with replacement Aleafia Health options (on the same terms as the Emblem options), such that upon exercise will entitle the holder thereof to receive the Consideration.

The acquisition was accounted for as a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired, and the liabilities assumed were recorded at their estimated fair value at the acquisition date. The Company applied various valuation techniques in order to measure the assets acquired and the liabilities assumed in the business combination. These provisional amounts may be adjusted during the measurement period, or additional assets or liabilities may be recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The allocation of the components of total consideration to the net assets acquired was as follows:

Consideration	
Common shares issued (110,823,349 shares at \$2.28)	\$ 252,677
Warrants issued	42,775
Replacement share options	5,922
Total consideration	\$ 301,374
Net assets acquired	
Working Capital	\$ 34,397
Long-term advances and deposits	20,847
Property, plant, and equipment	39,797
Emblem brand	9,025
GrowWise brand	4,428
Symbol brand	1,647
Paris license	34,000
PR, R&D	600
SDM distribution agreement	1,300
Convertible debt	(20,458)
Deferred income tax liability	(285)
	125,298
Goodwill acquired	176,076
Total net assets acquired	\$ 301,374

Included in working capital is \$2.6 million of trade receivables.

The resulting goodwill represents the sales and growth potential of Emblem Corp. and will not be deductible for tax purposes. The Company has goodwill of \$12.7 million from other previous amalgamations.

Had the business combination occurred on January 1, 2019, management estimated that the revenue of the Company would have increased by approximately \$9,200 (unaudited) and the net loss of the Company would have increased by approximately \$11,700 (unaudited) for the year ended December 31, 2019. Emblem expenses include approximately \$13,100 (unaudited) in one-time, non-recurring expenses as a result of the acquisition of Emblem by the Company, including advisory fees and termination payments.

Impairment of goodwill and intangible assets

During the year ended December 31, 2020, the Company recognized non-cash impairment charges of \$177.5 million related to goodwill and \$22.1 million related to its intangible assets. The Company performed its annual impairment test on its indefinite life intangible assets and goodwill for each CGU. The recoverable amounts for each CGU was based on its value in use (“VIU”) which was determined to be greater than its fair value less costs of disposal. The VIU was estimated using level 3 inputs and a discounted cash flow analysis approach.

The significant assumptions applied in the determination of the recoverable amount are described below for the discounted cash flow method:

Cash flows - Estimated cash flows were projected based on actual operating results from internal sources as well as industry and market trends. Estimated cash flows are primarily driven by sales volumes, selling prices and operating costs. The utilized a five-year forecast and account for long-term growth through the use of a terminal value assuming a 2.5% growth rate.

Pre-tax discount rate - In its estimates, the Company used pre-tax discount rates ranging from 21.5% to 24.2%. The weighted average cost of capital (“WACC”) – the Company WACC was estimated based on the risk-free rate, equity risk premium and after-tax cost of debt based on corporate bond yields.

As a result of the analysis it was determined that the Emblem and Canabo CGUs carrying values were greater than the recoverable amounts. The goodwill related to Emblem CGU of \$176.1 million was fully written-off at December 31, 2020. The goodwill related to Canabo CGU was written down by \$1.4 million to \$6.5M at December 31, 2020.

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Note 5 Right-of-Use Asset and Lease Liability

RIGHT-OF-USE ASSET

Cost

Balance, December 31, 2018	\$	-
Recognition upon adoption of IFRS 16		1,591
Balance, December 31, 2019		1,591
New leases entered into		2,472
Cancellation of lease		(69)
Balance, December 31, 2020	\$	3,994

Accumulated amortization

Balance, December 31, 2018	\$	-
Amortization		(520)
Balance, December 31, 2019		(520)
Amortization		(692)
Balance, December 31, 2020	\$	(1,212)

Net book value, December 31, 2019		1,071
Net book value, December 31, 2020	\$	2,782

LEASE LIABILITY

Balance, December 31, 2018	\$	-
Recognition upon adoption of IFRS 16		1,591
Interest expense		315
Payments		(699)
Balance, December 31, 2019		1,207
New leases entered into		2,472

Cancellation of lease		(69)
Interest expense		695
Payments		(1,138)
Balance, December 31, 2020	\$	3,167
Current portion		441
Long-term portion	\$	2,726

Note 6 Property, Plant and Equipment

	Computer & Software	Equipment & Furniture	Leasehold Improvements	Land	Buildings & Houses	Total
Cost						
Balance , December 31, 2018	\$ 206	\$ 3,071	\$ 117	\$ 1,813	\$ 8,763	\$ 13,790
Business acquisition	42	2,233	5,302	13,063	19,158	39,798
Additions/Disposals	510	6,721	34	(7,239)	12,525	12,551
Balance, December 31, 2019	758	12,025	5,453	7,637	40,446	66,319
Additions	218	1,955	320	100	18,796	21,389
Balance, December 31, 2020	\$ 976	13,980	5,773	7,737	59,242	\$ 87,708
Accumulated Depreciation						
Balance , December 31, 2018	\$ (75)	\$ (36)	\$ (32)	\$ -	\$ (47)	\$ (190)
Depreciation	(150)	(767)	(240)	-	(634)	(1,791)
Balance, December 31, 2019	(225)	(803)	(272)	-	(681)	(1,981)
Depreciation	(193)	(2,013)	(311)	-	(4,741)	(7,258)
Balance, December 31, 2020	\$ (418)	(2,816)	(583)	-	(5,422)	\$ (9,239)
Carrying Amounts						
Balance, December 31, 2019	533	11,222	5,181	7,637	39,765	64,338
Balance, December 31, 2020	\$ 558	\$ 11,164	\$ 5,189	\$ 7,737	\$ 53,821	\$ 78,469

Depreciation relating to manufacturing equipment and production facilities for owned and right-of-use lease assets is capitalized to biological assets and inventory and is expensed to cost of sales upon the sale of goods. During the year ended December 31, 2020, the Company recognized \$7,258 of depreciation expense (2019 - \$1,791), of which \$834 (2019 - \$Nil) was included in cost of sales, \$4,219 (2019 - \$Nil) was included in operating expenses, and the remaining balance of \$2,205 (2019 - \$Nil) was included in biological assets and inventory.

Note 7 Intangible Assets

	Grow License	Patient List	Serruya License	Emblem Brands	Emblem License	Other	Total
Cost							
Balance, December 31, 2018	\$ 9,770	\$ 12,416	\$ 12,260	\$ -	\$ -	\$ 1,457	\$ 35,903
Additions	-	-	-	15,100	34,000	1,900	51,000
Balance, December 31, 2019	9,770	12,416	12,260	15,100	34,000	3,357	86,903
Intangible assets write-down	-	(12,416)	(12,260)	(1,931)	-	(1,158)	(27,765)
Balance, December 31, 2020	\$ 9,770	-	-	13,169	34,000	2,199	\$ 59,138
Amortization							
Balance, December 31, 2018	\$ (412)	\$ (955)	\$ -	\$ -	\$ -	\$ (162)	\$ (1,529)
Amortization	(391)	(1,242)	(885)	(130)	(1,122)	(353)	(4,122)
Balance, December 31, 2019	(803)	(2,197)	(885)	(130)	(1,122)	(515)	(5,651)
Amortization	(391)	(1,242)	(818)	(165)	(1,417)	(388)	(4,421)
Intangible assets write-down	-	3,439	1,703	-	-	507	5,649
Balance, December 31, 2020	\$ (1,194)	-	-	(295)	(2,539)	(396)	\$ (4,423)
Carrying Amounts							
Balance, December 31, 2019	8,967	10,219	11,375	14,970	32,878	2,842	81,252
Balance, December 31, 2020	\$ 8,576	-	-	12,874	31,461	1,803	\$ 54,715

Amortization of Grow License and Emblem License have been recorded in costs of sales for the year. Amortization and impairment of other intangible assets have been recorded in operating expenses for the year. In 2020, \$1,274 in amortization of Grow License and Emblem License has been included in costs of sales for the year (2019- \$Nil). The remaining amortization and impairment of other intangible assets have been recorded in operating expenses for the year.

Note 8 Share Capital Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and Outstanding

As at December 31, 2020, there were 301,269,686 units issued and outstanding. On May 29, 2020 the Company issued 23,000,000 common shares at a price of \$0.65 per share for aggregate gross proceeds of \$15.0 million which includes the full exercise of the over-allotment option and paid \$1.0 million as transaction costs in cash and issuance of brokers' warrants. Each unit consisted of one common share of the Company and one half of one common share purchase warrant with an exercise price of \$0.80 and expiring in three years.

Warrants

On May 29, 2020 the Company issued 805,000 compensation warrants and 11,902,500 subscriber warrants to the shareholders of the bought deal. As at December 31, 2020 the Company had following warrants outstanding:

	Warrants Outstanding	Weighted Average Exercise Price
	#	\$
Outstanding and exercisable, December 31, 2018	9,228,590	1.67
Warrants issued, Emblem acquisition	40,336,129	2.43
Warrants issued with convertible debt	27,370,000	1.45
Broker warrants issued	1,915,900	1.47
Warrants exercised	(1,114,046)	1.36
Warrants expired	(17,471,757)	1.92
Warrants outstanding and exercisable, December 31, 2019	60,264,816	2.05
Compensation warrants issued for share issue	805,000	0.80
Subscriber warrants issued for share issue	11,902,500	0.80
Warrants exercised	(500)	0.80
Warrants expired	(22,749,842)	3.12
Outstanding and exercisable, December 31, 2020	50,221,974	1.17

At December 31, 2020, the Company had outstanding warrants entitling the holders to acquire additional common shares as follows:

	Expiry Date	Number of Warrants	Weighted Average Exercise Price
		#	\$
Warrants Issued by Aleafia	June 11, 2020- June 27, 2022	41,992,900	1.25
Warrants Issued by Legacy Emblem	Dec 6, 2019 - Dec 6, 2021	8,229,074	0.75
Outstanding and exercisable, December 31, 2020		50,221,974	1.17

Stock Options

The Company has adopted a stock option plan (the “Plan”), providing the Board of Directors with the discretion to issue an equivalent number of options of up to 20% of the issued and outstanding share capital. Stock options are granted with an exercise price of not less than the closing share price of the day preceding the date of grant.

The fair values of the stock options granted above were estimated using the Black-Scholes option pricing model with following assumptions.

	2020	2019	2018
Weighted average share price	\$0.53	\$1.23	\$1.47
Weighted average risk-free interest rate	0.54%	1.54%	2.21%
Weighted expected life-years	2.49 years	3.34 years	3.76 years
Weighted average expected volatility	89%	92%	109%
Weighted expected dividends	Nil	Nil	Nil
Forfeiture rate	0%	1.07%	0%

The following table summarizes information relating to outstanding and exercisable stock options as at December 31, 2020:

	Number of Options	Weighted Average Exercise Price
	#	\$
Outstanding and exercisable as of December 31, 2019	24,979,725	1.22
Granted	5,030,431	0.52
Exercised/Released	(375,500)	0.25
Cancelled and expired	(3,374,024)	1.55
Outstanding and exercisable as of December 31, 2020	26,260,632	1.06
Vested	17,862,452	1.20
Unvested	8,398,180	0.76

	Number of Options	Weighted Average Exercise Price
	#	\$
Outstanding and exercisable as of December 31, 2018	12,651,289	1.01
Options deemed to be issued on business amalgamation	4,626,892	1.71
Granted	11,719,495	1.07
Exercised/Released	(1,682,559)	0.52
Cancelled and expired	(2,335,392)	1.62
Outstanding and exercisable of December 31, 2019	24,979,725	1.22
Vested	17,633,725	1.26
Unvested	7,346,000	1.10

Restricted Share Units

The Company has a restricted share unit plan (the “RSU Plan”). For each RSU granted under the plan, the Company recognizes an expense equal to the market value of a common share at the date of grant based on the number of RSUs expected to vest over the term of the vesting period, with a corresponding credit to equity for share-based payments anticipated to be equity settled. RSUs under the RSU plan may vest immediately or become exercisable in various increments based on conditions as determined by the Board. In determining the amount of share-based compensation, the Company used the closing price of the common shares on the RSU grant date. Under the plan, a maximum of 4,000,000 common shares may be issuable. There were no RSUs issued and outstanding as at December 31, 2020.

Deferred Share Unit Plan for Directors

During the year ended December 31, 2020, the Company has implemented a deferred share unit plan (the “DSU Plan”).

The purpose of the DSU Plan is to promote a greater alignment of long-term interests between eligible participants (being non-executive directors only) and the Company and its shareholders, to provide a compensation system for non-employee directors that, together with the other director compensation mechanisms of the Company, is reflective of the responsibility, commitment and risk accompanying membership on the Board and the performance of the duties required of the various committees of the Board. During the year the Company issued 148,431 DSUs which were outstanding at December 31, 2020.

Note 9 Related Party Balances and Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Key management includes directors and key officers of the Company.

During the years ended December 31, 2020 and 2019, the Company had the following transactions with the officers and directors of the Company:

	December 31, 2020	December 31, 2019
Wages and benefits	\$ 2,984	\$ 2,509
Short term benefits	150	606
Share based compensation	2,136	1,674

As at December 31, 2020, an amount of \$0.15 million (2019: \$0.6 million) was due to directors and management. These amounts are non-interest bearing, unsecured, due on demand and included in accounts payable and accrued liabilities.

Note 10 Management of Capital

The Company's objectives when managing capital are to sustain a sufficient capital base so as to maintain investor, creditor, and customer confidence and to sustain the future development of the business. The Company does not have any externally imposed capital requirements to which it is subject.

The Company defines capital as the aggregate of its shareholders' equity, long term debt and convertible debt. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

Note 11 Inventory

	\$
Balance, December 31, 2018	356
Acquisition of Emblem	5,301
Transferred from biological assets	16,851
Inventory purchased during the year	20,409
Expensed to cost of sales during the year	(6,744)
Changes in value of inventory sold	(2,058)
Balance, December 31, 2019	34,115
Transferred from biological assets	11,749
Inventory purchased during the year	27,068
Inventory produced internally during the year	7,110
Production costs capitalized to inventory	3,531
Expensed to cost of sales during the year	(19,328)
Unrealized impairment write-down	(16,973)
Changes in value of inventory sold	(20,030)
Balance, December 31, 2020	27,242

Inventory is comprised of the following items:

	December 31, 2020	December 31, 2019
Finished goods	\$ 3,890	\$ 27,067
Work-in-progress	21,919	6,018
Supplies and consumables	1,433	1,030
Total inventory	\$ 27,242	\$ 34,115

The fair value adjustment to biological assets and inventory sold consists of the following:

	December 31, 2020	December 31, 2019
Realized fair value amounts included in inventory sold	\$ 20,030	\$ 2,058
Unrealized impairment write-down of inventory	16,973	-
Increase in fair value on growth of biological assets	(7,870)	(15,277)
	\$ 29,133	\$ (13,219)

The \$16,973 write-down of inventory is due to the decrease in the estimated net realizable value of these inventories based on the evolving nature of the adult-use market.

Note 12 Biological Assets

Biological assets are valued in accordance with IAS 41. The Company's biological assets consist of cannabis plants. As there is no actively traded commodity market for these, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data which are considered to be level 3 inputs under IFRS. These inputs are subject to volatility in market prices and several uncontrollable factors could significantly affect the fair value of biological assets in future. The fair value is determined using a valuation model to estimate expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. The Company capitalizes all the direct and indirect costs as incurred related to the transformation of biological assets and measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year.

The Company's estimates are subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future years. As of December 31, 2020, the biological assets strains at the harvesting phase were on average 100% complete for outdoor plants and 69% complete for indoor plants and strains.

The following table depicts the changes in the fair value measurement (unrealized gain/loss resulting from fair value changes on growth of biological assets) and the fair value of biological assets as of December 31, 2020 as required by IFRS 13 fair value measurement.

The carrying value of biological assets are as follows:

Biological assets	
Balance, December 31, 2018	\$ 233
Changes in fair value less costs to sell due to biological transformation	15,277
Acquisition of Emblem	392
Products costs capitalized to biological assets	1,920
Transferred to inventory upon harvest	(16,851)
Balance as at December 31, 2019	971
Changes in fair value less costs to sell due to biological transformation	7,870
Production costs capitalized to biological assets	5,419
Transferred to inventory upon harvest	(11,749)
Balance as at December 31, 2020	\$ 2,511

	Estimated KGs	Estimated Total
	#	\$
Biological assets transferred to inventory	31,793	11,749

In determining the fair value of biological assets, management had made the following estimates in the valuation model:

Significant assumptions	Indoor	Outdoor
Average transfer price per gram (\$)	0.75	0.35
Average yield per plant (grams)	125	750
Average stage of growth (weeks)	12	16

The Company values medical cannabis plants at fair value. Management determined cost approximates fair value from the date of receiving the vegetative plants until halfway through the flowering cycle of plants. Measurement of the biological transformation of the plant at fair value begins in the fourth week prior to harvest and is recognized evenly until the point of harvest. The number of weeks in the growing cycle is between twelve and sixteen weeks from propagation to harvest.

The unrealized gain for biological assets for the years ended in December 31, 2020 was \$7.9 million (December 31, 2019 - \$15.3 million).

Sales price used in the valuation of biological assets is based on the average selling price of all cannabis products and can vary based on the different strains being grown as well as the proportion of sales derived from wholesale compared to retail. Selling costs vary depending on methods of selling and are considered based on the expected method of selling and the determined additional costs which would be incurred.

Expected yields for the cannabis plant is also subject to variety of factors, such as strains being grown, length of growing cycle, and space allocated for growing. Management reviews all significant inputs based on the historical information obtained as well as based on planned production schedules. Management has quantified the sensitivity of the inputs and determined the following.

- a) Selling price per gram: A decrease in the average selling price per gram by 5% would result in the biological asset value decreasing by \$123,117 and inventory decreasing by \$12,079.
- b) Harvest yield per plant: A decrease in the harvest yield per plant of 5% would result in the biological asset value decreasing by \$39,194.

These inputs are level 3 on the fair value hierarchy and are subject to volatility in market prices and several uncontrollable factors, which could significantly affect the fair value of biological assets in the future periods.

Note 13 Investments

On November 22, 2018, the Company entered into a Master Joint Venture Agreement (“the Agreement”) with SPE Finance LLC (“SPE”) to establish a joint venture for the purpose of owning and managing retail stores with a focus on selling cannabis and cannabis-related products across Canada and internationally (excluding the United States of America). The intention is to create, fund and govern the operations of the joint venture in the form of a corporation to carry on business. The joint venture was incorporated under the name One Plant (Retail) Corp. (“OPC”).

The Company paid \$4.0 million for the issuance of 99 common shares of OPC and as a result owns 9.9% of the outstanding common shares of OPC. On April 1, 2020 Flying High Inc invested \$0.8 million in OPC and the Company recorded the transaction as an investment. For accounting purposes, the Company classified its interest in OPC at fair value through profit and loss and as an investment.

OPC is a private entity without observable market prices for its common shares and this investment is measured at its estimated fair value which is calculated based on a valuation technique that uses inputs derived by management which are considered level 3 in the fair value hierarchy (see Note 15). The

Company has reviewed the results of operations of OPC based on the financial information provided by management of OPC and prepared a cash flow projection. The Company used a discount rate of 15% to estimate the recoverable cash flows at December 31, 2020.

The Company invested \$0.1 million in CannaPacific in January 2019 and \$0.6 million in April 2019. CannaPacific is a private entity without observable market prices for its common shares and this investment is measured at its estimated fair value which is calculated based on a valuation technique that uses inputs derived by management which are considered level 2 in the fair value hierarchy (see Note 15). The investment is recorded its estimated fair value of \$2.6 million. During the year ended December 31, 2020, the Company recorded an unrealized gain in fair value of \$1.9 million (2019 - \$Nil).

Note 14 Convertible Debt

Emblem Convertible Debt

On completion of the Arrangement, Aleafia Health assumed the obligations of the convertible debentures previously issued by Emblem Corp. in February 2018 pursuant to a supplemental trust indenture dated March 2019 (the “Supplemental Indenture”). These convertible debentures were originally sold at a price of \$1,000 per unit for gross proceeds of \$25.0 million. Under the Supplemental Indenture, the convertible debentures are subject to the following terms:

- a maturity date of February 2, 2021 (see Note 18).
- an interest rate of 8% per annum, payable semi-annually.
- convertible at \$2.3875 per share, subject to adjustment in certain events, at the option of the holder; and
- Aleafia Health may require the conversion of the full principal amount of the outstanding convertible debentures at the conversion price on not less than 30 days’ notice, should the daily volume weighted average trading price of the outstanding common shares of Aleafia Health on the TSX be greater than \$4.12 for any 10 consecutive days.

Aleafia Convertible Debt

In June 2019, the Company issued 40,250 additional convertible debentures units (the “Aleafia Convertible Debt Unit”) for gross proceeds of \$40.3 million. The Aleafia Convertible Debt Unit consists of one \$1,000 principal amount of unsecured convertible debenture of the Company and 680 common share purchase warrants, under the following terms:

- A maturity date of June 27, 2022.
- An interest rate of 8.5% per annum, payable semi-annually.
- Convertible at \$1.55 per share until June 27, 2022 at the option of the holder; and
- The Company may require conversion of the full principal amount outstanding convertible debenture at the conversion price on not less than 30 days’ notice, should the daily volume weighted average trading price of the outstanding common shares of the Company on the TSX be greater than \$3.10 for 20 consecutive trading days.

In fiscal year 2019 certain debenture debt holders converted \$2.9 million debentures to 1,972,789 equity shares.

Convertible debt	
Balance, December 31, 2018	-
Acquisition of Emblem	\$ 19,652
Issuance of convertible debentures	40,250
Transaction costs deferred	(3,301)
Initial present value discounts	(6,087)
Amortization of transaction costs	1,117
Amortization of present value discounts	1,966

Debt converted into common shares		(2,588)
Balance as at December 31, 2019	\$	51,009
Amortization of transaction costs		2,081
Amortization of present value discounts		3,712
Balance as at December 31, 2020	\$	56,802
Current portion		24,361
Long-term portion	\$	32,441

Note 15 Financial Instruments and Financial Risks

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities, trade and other receivables, investments, accounts payable, lease liability, and convertible debt. The following table summarizes the carrying values of the Company's financial instruments by measurement category:

	December 31, 2020	December 31, 2019
FVTPL (i)	\$ 37,149	\$ 47,315
Assets, amortized cost (ii)	13,041	4,847
Liabilities, amortized cost (iii)	\$ 80,135	\$ 72,347

(i) Cash and cash equivalents, investments, and marketable securities

(ii) Trade and other receivables

(iii) Accounts payable, lease liability and convertible debt

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
- Level 3 - Inputs that are not based on observable market data

The following table sets for the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as at December 31, 2020:

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 30,529	-	-	\$ 30,529
Investments	-	2,620	4,000	6,620
Total	\$ 30,529	2,620	4,000	\$ 37,149

The carrying value of trade receivables and accounts payable are a reasonable approximation of their fair value due to their short-term nature. The carrying value of lease liability and convertible debt are a reasonable approximation of their value based on market interest rates for similar instruments as at December 31, 2020.

During the year ended December 31, 2020 there were no transfers between Level 1, Level 2, and Level 3 fair value measurements. There has been no change in fair value of the Company's investment in OPC (classified as Level 3) as disclosed in Note 13. The value of investment is assessed based on discounted cash flow model. The following factors have a potential impact on net earnings/loss based on various combinations of changes in unobservable inputs in the Company's internal valuation models for its investment in OPC:

- Fair value of investment: \$4,000
- After-tax discount rate: 13% to 19%

Adjustment of management revenue received due to risk and uncertainties: -15% / +15%

Hypothetical \$ change effect on fair value measurement and net earnings / loss for the year: - \$1M - \$2M.

The analysis assumes variation within a reasonable possible range determined by Company based on an analysis of the return, management's knowledge of the cannabis retail store market and the potential impact on the changes in the interest rates.

The impact on the internal valuation models from changes in significant unobservable inputs deemed to be subject to the judgement and estimates disclosed above shows the hypothetical increase (decrease) in net earnings / loss. Changes in the after- tax discount rates, adjustment for risk and uncertainty over amounts of payment to be received, each in isolation, would hypothetically change the fair value of the Company's investments as noted above. Generally, an increase (decrease) in long term growth rates, or a decrease (increase) in after-tax discounts rates, would result in higher (lower) fair value of the Company's investment in OPC.

Risk Management

Effective risk management is fundamental to the success of the organization and is recognized as key in the Company's overall approach to strategy management. Aleafia has a strong, disciplined risk culture where managing risk is the responsibility shared by all of the company's employees.

The primary goals of the risk management are to ensure that the outcomes of risk-taking activities are consistent with Company's strategies and the risk appetite and that there is an appropriate balance between risk and reward in order to maximize shareholder value.

Aleafia has identified the below potential risk categories:

a) Currency risk

The Company's revenues and expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary assets or liabilities. The Company is attracting foreign investments and in future, the Company's financial assets and liabilities may comprise of foreign currency marketable securities, convertible notes, long term investments, accounts receivable and promissory notes.

b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits and the price risk and cash flow risk on convertible debts. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term in nature. The interest rate risk on convertible debt is insignificant due to fixed rate of interest on convertible debt. The Company has not entered any derivative instruments to manage interest rate fluctuations.

c) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents, trade and other receivables and short-term investments which comprised of marketable securities. The risk exposure is limited to their carrying values reflected on the statement of financial position. To minimize the credit risk the Company places these instruments with a high-quality financial institution. There are no expected credit losses as the Company does not invest in asset backed investments.

d) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. The Company manages liquidity risk through the management of its capital structure. As at December 31, 2020 the Company's contractual obligations consist of accounts payable and accrued liabilities, convertible debt, and lease liability, which has a contractual maturity date within one year. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

Note 16 Commitments and Contingencies

	Less than 2 years	2 to 5 years	Total
Plant construction contracts	\$ 1,000	-	\$ 1,000
Long-term arrangements on facilities	628	1,877	2,505
Car lease	6	-	6
Total	\$ 1,634	1,877	\$ 3,511

Certain of Emblem's former executives have been named in a claim commenced March 20, 2015 in the Ontario Superior Court of Justice that also identifies Emblem and ECC in relation to certain services provided to the Emblem parties by an individual. The parties to the claim are: Amos Tayts (Plaintiff/Defendant by Counterclaim), Gordon Fox, Harvey Shapiro, Maxim Zavet, Levy Zavet Professional Corporation, MZ Prime Holdings Ltd., White Cedar Pharmacy Corporation, Emblem Corp. (Defendants), Emblem Cannabis Corporation ("ECC"), Kindcann.com, Inc. (Defendants/Plaintiffs by Counterclaim), and Talya Lev-Mor (Defendant by Counterclaim). The plaintiff has claimed \$10.0 million in damages for some unspecified combination of the value of shareholdings in Emblem of which he says he has been wrongfully deprived, the amount by which he claims Emblem has been directly or indirectly unjustly enriched as a result of his labors, and damages for breach of contract, misrepresentation and oppression. The claim is being contested and the action is currently at the discovery stage.

It is the Company's determination that the claim of \$10.0 million is primarily against the founders of Emblem and not the Emblem parties. The claim for damages against the Emblem parties, specifically, is not pleaded with sufficiency particularity to allow an accurate assessment of the quantum of damages being sought against the Emblem parties. The likely measure of damages sought will either be the market value of the services the plaintiff alleges to have provided to the Emblem parties or the degree to which Emblem was enriched by those services. The Company is of the view that the amount of the claim bears no relationship to the value of the services provided. The outcome of this legal matter is subject to negotiations by the officers of the Company and the Company believes it is unlikely to be impacted and accordingly, no amount has been provided for. A separate claim was also initiated by Tayts on March 22, 2019 in the Ontario Superior Court of Justice against Emblem and

Emblem arising out of the same facts and seeking the same damages. The claim is contested but pleadings have not yet concluded.

On June 16, 2020 a class-action lawsuit was issued in Calgary, Alberta by Lisa Marie Langevin as the proposed representative plaintiff. The claim has been filed against most of the cannabis manufacturers in Canada and includes, among the many defendants, Emblem and Aleafia.

The claim alleges that the THC and CBD levels in the products manufactured and/or sold by the Defendants differed from what was represented on packaging, specifically alleging that THC and CBD levels were found to be significantly higher than indicated in some products while others may have had significantly lower levels. The action seeking \$500 million (or such other amount as may be proven at trial) for all Canadians who

purchased medicinal cannabis products on or after June 16, 2010 as well as Canadians who legally purchased cannabis for recreational purposes on or after October 17, 2018. The claim also seeks \$5million in punitive damages.

Ms Langevin has not alleged that she ever purchased product from Emblem or Aleafia. The case is at its earliest stages and has not been certified as a class proceeding. Based on the information available to us the Company appears to have good defenses to the claim and intends to vigorously defend the claim. We also note that the \$500 million claimed in damages is asserted against all of the defendants and does not appear to be grounded in an analysis of the potential liability, if any, that the Company may have assuming the allegations in the claim were proven to be true.

To date this claim has not advanced in any material way and remains at its earliest stages.

In the ordinary course of business, from time to time, the Company may be involved in various claims related to its commercial and/or corporate activities. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these audited consolidated financial statements.

Note 17 COVID-19 and its Impact on the Business Environment

General outcome

In December 2019, a novel strain of coronavirus ("COVID-19") emerged in China. Since then, it has spread to over a hundred other countries and infections have been reported around the world. Canada confirmed its first case of COVID-19 on January 25, 2020 and its first death related to COVID-19 on March 9, 2020. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic.

In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place, and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment, and economic disruptions.

The continued spread of COVID-19 nationally and globally could have an adverse impact on the business, operations and financial results and position, including through disruptions to the Company's cultivation and processing activities, supply chains and sales channels, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome, and duration, it is not possible to estimate its impact on business, operations or financial results and position. Further impacts could include an impact on our ability to maintain operations, to obtain and maintain debt and obtain equity financing on attractive commercial terms or at all, impairment of investments, impairments in the value of our non-current assets, or potential future decreases in revenue or the profitability of our ongoing operations, any of which could be material.

COVID-19 and other risks

Disruption of Supply Chain

Conditions or events including, but not limited to, those listed below could disrupt the Company's

supply chains, interrupt operations at its facilities, increase operating expenses, resulting in loss of sales, delayed performance of contractual obligations or require additional expenditures to be incurred:

- extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires,

extreme heat, earthquakes, etc.

- a local, regional, national, or international outbreak of a contagious disease, including the
- COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, “Public Health Crises, including COVID-19”).
- political instability, social and labor unrest, war, or terrorism; or
- interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail, and road.

Public Health Crises, including COVID-19

A local, regional, national, or international outbreak of a contagious disease, such as COVID-19, could have an adverse effect on local economies and potentially the global economy, which may adversely impact the price and demand for the Company’s products. COVID-19 could affect the Company’s ability to conduct operations and may result in temporary shortages of staff, to the extent its workforce is impacted.

Such an outbreak, if uncontrolled, could have a material adverse effect on the Company’s business, financial condition, results of operations and cash flows, including a potential reduction in patient visits at the Company’s Clinics and, as a result, potential lost revenue.

All three of the Company's production facilities continue to operate. To date there have been no material negative impacts on production due to COVID-19. The Company continues to expand core revenue-generating operations, with new hires completed in product sales, quality control and production. On March 16, 2020, patients at Aleafia Health’s network of medical cannabis clinics were notified that all physical clinic locations would be voluntarily and temporarily closed during the COVID-19 pandemic and that all patient consultations would be conducted through virtual clinic services. Since that time, patient consultations have been completed entirely remotely, ensuring that all patients maintain access to safe, secure, and convenient cannabinoid therapy. As announced on October 17, 2018, the Company previously invested in the technology and training to offer scalable virtual clinic services.

Last-Mile Home Delivery: In recognition of the need for safe, contactless delivery of medical cannabis, the Company advanced its already planned introduction of last-mile home delivery for medical cannabis products. The Company launched last-mile home delivery publicly available for Toronto- based registered Emblem patients.

In March, in addition to temporarily closing physical clinic locations, management enacted a series of measures to ensure business continuity and the safety of team members, including:

- Barring all visits to production facilities and cancelling all non-essential employee travel.
- Increased cleaning frequency throughout facility common areas and enforcing work from home for all non-production essential employees; and
- Adjustment to shift start times, shift length and break structure to eliminate the crossover between groups of employees.

Note 18 Subsequent events

On January 29, 2021 the Company repaid \$25M in cash of its 8% unsecured convertible debt which matured on February 2, 2021.

On March 9, 2021, the company closed its previously announced bought deal offering for a total issuance of 27,390,000 units of the Company at a price per Unit of \$0.83 for gross proceeds of \$22.7 million, which includes a partial exercise of the over-allotment option. Each Unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant entitles the

holder thereof to purchase one Common Share at an exercise price of \$1.05, for a period of 24 months following the closing of the Offering.

Note 19 Income taxes

The Company has non-capital losses carried forward of \$108,691 available to reduce income taxes in future years which expire from 2030 to 2040. The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2020	2019
Canadian statutory income tax rate	26.5%	26.5%
	\$	\$
Income tax recovery at statutory rate	(65,518)	(9,705)
Effect of income taxes of:		
Permanent differences and other	55,075	15,969
Change in deferred tax assets not recognized	7,903	(3,305)
Deferred income taxes (recovery)	(2,540)	2,959

The temporary differences that give rise to significant portions of the deferred tax assets and liabilities are presented below:

	2020	2019
	\$	\$
Non-capital loss carry forwards	28,803	30,586
Property, plant, and equipment	(715)	(766)
Investment	(503)	-
Biological assets and inventory	4,456	(2,958)
Intangible assets	(13,858)	(18,448)
Convertible debentures	(1,388)	(3,088)
Lease liability IFRS 16	269	-
Share issue costs	1,564	2,350
Deferred tax assets not recognized	(21,482)	(13,070)
Deferred income tax liability	(2,854)	(5,394)

This is Exhibit “GG” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is written in a cursive style with a large initial 'S' and a long, sweeping tail.

Commissioner for Taking Affidavits



**ALEAFIA HEALTH INC.
UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)
For the Six Months Ended September 30, 2022
and September 30, 2021

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Aleafia Health Inc.:

The accompanying unaudited interim condensed consolidated financial statements of Aleafia Health Inc. and its subsidiaries (the "Company") were prepared by management, which is responsible for the integrity and fairness of the information presented, including the many amounts that out of necessity are based on estimates and judgements. These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

In fulfilling its responsibilities, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of these unaudited interim condensed consolidated financial statements.

The Board of Directors oversees the responsibilities of management for financial reporting through an Audit Committee, which is composed entirely of independent directors. This Audit Committee reviews the unaudited interim condensed consolidated financial statements and recommends them to the Board of Directors for approval. They meet regularly with management to review internal control procedures and advise directors on accounting matters and financial reporting issues.

"Tricia Symmes"

Patricia Symmes-Rizakos
Chief Executive Officer

"Matthew Sale"

Matthew Sale
Chief Financial Officer

ALEAFIA HEALTH INC.**Unaudited Interim Condensed Consolidated Statements of Financial Position**

As at September 30, 2022 and March 31, 2022

(Amounts reflected in thousands of Canadian dollars)

	Notes	September 30, 2022	March 31, 2022
		\$	\$
ASSETS			
Current			
Cash		1,739	1,347
Restricted cash		168	222
Marketable securities	3	174	1,190
Trade and other receivables, net	15	7,725	7,751
Net tax receivable		-	530
Prepays and deposits		2,593	2,952
Inventory, net	6	20,844	21,664
Biological assets	7	16,631	1,179
		49,874	36,835
Non-current			
Property, plant, and equipment, net	5	37,208	40,448
Right-of-use assets	4	1,545	1,844
Investments		2,396	2,391
		41,149	44,683
TOTAL ASSETS		91,023	81,518
LIABILITIES			
Current			
Accounts payable and accrued liabilities		12,084	23,999
Net tax payable		5,211	-
Lease liability	4	682	522
Credit facility	8	14,596	12,073
Convertible debt	9	-	36,401
		32,573	72,995
Non-current			
Lease liability	4	1,475	1,833
Convertible debt	9	24,689	-
Credit facility	8	4,890	5,075
		31,054	6,908
TOTAL LIABILITIES		63,627	79,903
SHAREHOLDERS' EQUITY			
Share capital	10	408,690	404,341
Contributed surplus	10	109,332	90,477
Deficit		(490,626)	(493,203)
		27,396	1,615
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		91,023	81,518

COMMITMENTS AND CONTINGENCIES (Note 16)

GOING CONCERN (Note 2)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.
Approved and authorized for issue on behalf of the board on November 8, 2022.

"Mark J. Sandler"
Mark J Sandler, Chairman

"Lu Galasso"
Lu Galasso, Director

ALEAFIA HEALTH INC.

Unaudited Interim Condensed Consolidated Statements of Profit or Loss and Comprehensive Profit or Loss

For the three months and six months ended September 30, 2022, and 2021

(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

	Notes	Three months ended		Six months ended	
		September 30, 2022	September 30, 2021 (Restated – note 17)	September 30, 2022	September 30, 2021 (Restated – note 17)
					\$
Revenue		14,487	11,931	30,906	24,028
Excise taxes		3,910	2,357	8,242	3,335
Net revenue		10,577	9,574	22,664	20,693
Cost of sales		6,838	13,498	16,415	20,045
Gross profit before fair value adjustment		3,739	(3,924)	6,249	648
Fair value changes in biological assets and changes in inventory sold	7	11,893	3,434	14,983	7,006
Gross profit		15,632	(490)	21,232	7,654
Operating expenses					
Selling, general and administrative expenses	11	4,257	6,581	9,183	15,364
Amortization and depreciation expense	4,5	1,480	1,836	1,988	3,550
Share-based compensation expense	10	828	1,050	1,398	1,589
Business transaction costs		45	905	361	1,925
Bad debt expense	15	-	(363)	(1)	1,531
		6,610	10,009	12,929	23,959
Other expenses (income)					
Interest expense		2,054	1,983	4,814	3,737
Fair value adjustments through profit and loss	3	30	6,300	1,006	5,600
Gain on marketable securities		-	-	(3)	(12,092)
Impairment of goodwill		-	11,314	-	11,314
Impairment of intangible assets		-	53,093	-	53,093
Gain on sale of assets		(109)	-	(91)	-
		1,975	72,690	5,726	61,652
Net profit (loss) before income taxes		7,047	(83,189)	2,577	(77,957)
Income tax					
Current income tax expense (recovery)		-	-	-	-
Deferred income tax recovery		-	(2,854)	-	(2,854)
Net profit (loss) and comprehensive profit (loss)		7,047	(80,335)	2,577	(75,103)
Profit (loss) per share, basic and diluted		0.02	(0.24)	0.01	(0.23)
Weighted average common shares outstanding		402,859,277	330,866,674	364,096,052	330,697,187

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

ALEAFIA HEALTH INC.

Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

For the six months ended September 30, 2022 and 2021

(Amounts reflected in thousands of Canadian dollars, except share and warrant amounts)

	Notes	Number of Shares	Common Shares	Contributed Surplus	Deficit	Total
	#	#	\$	\$	\$	\$
Balances, March 31, 2022		331,124,351	404,341	90,477	(493,203)	1,615
Share issuance costs		–	(1,511)	–	–	(1,511)
Shares issued under private placement	10	71,559,015	5,623	–	–	5,623
Shares issued under deferred share unit plan	10	24,816	152	–	–	152
Shares issued from conversion of convertible debentures		204,761	15	–	–	15
Equity portion of debt issuance	9	–	–	16,047	–	16,047
Restricted share units issued/released		125,648	70	(70)	–	–
Warrants issued		–	–	1,352	–	1,352
Share-based compensation expense		–	–	1,526	–	1,526
Net profit for the period		–	–	–	2,577	2,577
Balances, September 30, 2022		403,038,591	408,690	109,332	(490,626)	27,396

	Notes	Number of Shares	Common Shares	Contributed Surplus	Deficit (Restated – note 17)	Total
	#	#	\$	\$	\$	\$
Balances, March 31, 2021		330,491,826	404,128	88,147	(334,584)	157,691
Issuance of common shares		387,500	154	1	–	155
Shares issued under deferred share unit plan		89,709	65	–	–	65
Warrants issued		–	–	131	–	131
Share-based compensation expense	10	–	–	1,589	–	1,589
Net loss for the period		–	–	–	(75,103)	(75,103)
Balances, September 30, 2021		330,969,035	404,347	89,868	(409,687)	84,528

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

ALEAFIA HEALTH INC.**Unaudited Interim Condensed Consolidated Statements of Cash Flows**

For the six months ended September 30, 2022 and 2021

(Amounts reflected in thousands of Canadian dollars)

	September 30, 2022	September 30, 2021 (Restated – note 17)
	\$	\$
Operating activities		
Net profit (loss) for the period	2,577	(75,103)
Adjustments for non-cash items:		
Depreciation expense	4,177	3,105
Amortization expense	–	1,081
Share-based compensation expense	1,526	1,589
Interest accretion	4,813	3,737
Bad debt expense	(1)	1,531
Gain on sale of marketable securities	(3)	(12,092)
Fair value adjustments through profit and loss	1,006	5,600
Gain on property, plant and equipment disposal	(91)	–
Impairment of intangible assets	–	53,093
Impairment of goodwill	–	11,314
Deferred income tax recovery	–	(2,854)
Fair value changes in biological assets and changes in inventory sold	(14,983)	(7,006)
	(979)	(16,005)
Changes in operating working capital:		
Trade and other receivables	27	(7,081)
Prepays and deposits	359	1,409
Inventory	820	(562)
Biological assets	(468)	(753)
Accounts payable and accrued liabilities	(8,767)	3,100
Net tax payable (receivable)	5,741	1,062
Net cash used in operating activities	(3,267)	(18,830)
Investing activities		
Proceeds from sale of marketable securities	7	–
Investment in retail store operations	–	–
Proceeds from sale of property, plant, and equipment	119	–
Acquisition of property, plant, and equipment	(667)	(1,902)
Net cash used in investing activities	(541)	(1,902)
Financing activities		
Lease liability payments	(410)	(620)
Interest payments	(1,763)	(1,793)
Proceeds from credit facility	1,618	10,000
Proceeds from the issuance of common shares	5,623	155
Conversion of convertible debt into equity	(286)	–
Debt issuance cost	(636)	–
Net cash provided by financing activities	4,146	7,742
Change in cash	338	(12,990)
Cash and restricted cash, beginning of period	1,569	17,678
Cash and restricted cash, end of period	1,907	4,688

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Note 1 Nature of Operations

Aleafia Health (the “Company”) is a publicly traded corporation incorporated under the laws of Ontario. Aleafia Health’s head and registered office is currently located at 85 Basaltic Road, Concord, Ontario, and its corporate website is www.AleafiaHealth.com.

The Company is a federally licensed Canadian cannabis company offering cannabis products in Canada and destined for international markets, including Australia and Germany. The Company operates a virtual medical cannabis clinic staffed by physicians and nurse practitioners which provide health and wellness services across Canada.

The Company owns three licensed cannabis production facilities and operates a strategically located distribution centre all in the province of Ontario, including the largest, outdoor cannabis cultivation facility in Canada. The Company produces a diverse portfolio of cannabis and cannabis derivative products including dried flower, pre-roll, milled, vapes, oils, capsules, edibles, sublingual strips, and topicals, for sale in Canada in the medical and adult-use markets, and in select international jurisdictions.

The common shares of the Company commenced trading on the Toronto Stock Exchange (“TSX”) (symbol “AH”), on May 27, 2020. Previously, common shares were traded on the TSX Venture Exchange Inc. under a different ticker symbol from March 18, 2019.

Note 2 Significant Accounting Policies

Basis of presentation

These unaudited interim condensed consolidated financial statements as at and for the six months ended September 30, 2022 and 2021 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with IAS 34, Interim Financial Reporting (“IAS 34”). The accounting policies, methods of computation and presentation applied in these unaudited condensed interim consolidated financial statements are consistent with those of the previous fiscal year. These unaudited interim condensed consolidated financial statements reflect the accounting policies and disclosures described in Note 2 and the Company’s audited consolidated financial statements for the year ended March 31, 2022, and accordingly, should be read in conjunction with those audited consolidated financial statements and the notes thereto.

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments and biological assets which are measured at fair value. In addition, these unaudited interim condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar.

In February 2022, the Company changed its reporting year end from December 31 to March 31 to accommodate the shortage of personnel in public accounting firms.

The Board of Directors approved these interim condensed consolidated financial statements on November 8, 2022.

Going concern assumption

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlement of

liabilities in the normal course of business as they come due in the foreseeable future.

The Company has experienced recurring losses, has a cumulative deficit of \$490,626 (March 31, 2022 – \$493,203) and net working capital of \$17,301 (March 31, 2022 – deficiency of \$36,160). These factors indicate that there are material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on its ability to achieve profitable operations and/or raise equity or debt financing. There is no assurance that any necessary future financing will be sufficient to sustain operations until such time that the Company can generate sufficiently profitable operations to support its requirements.

These unaudited interim condensed consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern, such adjustments could be material.

The Company's objectives when managing its liquidity and capital resources are to ensure sufficient liquidity to meet its financial obligations and execute its operating and strategic plans for at least the next twelve months. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. The Company manages liquidity risk by exploring new debt and equity financing options, reviewing its capital structure to optimize the cost of capital, maintaining the continuity of equity and debt funding options, managing its non-cash current assets to ensure the timely conversion to cash, optimizing its fixed assets which in certain instances includes monetizing, and putting plans in place to meet its financial obligations as they come due.

The Company has multiple options to meet liquidity needs including converting its non-cash working capital to cash, issuance of common shares via its at-the-market equity financing program, issuing common shares via a public equity offering, share capital, and new debt financing options.

The Company's ability to meet its commitments to sustain operations and settle its obligations as they become due within the next twelve months and its exposure to liquidity risk is dependent on the Company's ability to:

- Realize cash flow from operations which is subject to significant judgements and estimates, the most significant of which is the Company's sales projections and its ability to realize its assets and discharge its liabilities in the normal course of business
- Remain in compliance with its credit facility and convertible debenture covenants; and
- Raise additional debt and equity financing.

While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to obtain sufficient financing in the future on terms favourable for the Company.

Consolidation

These interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries, as presented below. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All intercompany transactions and balances have been eliminated. All subsidiaries, except for the inactive are for the purpose of carrying out the Company's business in the normal course and are domiciled in

Canada. Inactive subsidiaries are holding companies.

	September 2022	March 2022
	%	%
Aleafia Inc.	100	100
Canabo Medical Corporation ("Canabo")	100	100
Aleafia Farms Inc. ("Aleafia Farm")	100	100
Emblem Corp. ("Emblem")	100	100
Emblem Cannabis Corporation ("EC")	100	100
GrowWise Health Limited ("GrowWise")	100	100
Emblem Realty Ltd. ("Emblem Realty")	100	100
Aleafia Brands Inc. (inactive)	100	100
Aleafia Retail Inc. (inactive)	100	100
2672533 Ontario Inc (inactive)	100	100
2676063 Ontario Inc.(inactive)	100	100

Reclassification of comparative period presentation

Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations. Net tax receivable as at March 31, 2022 has been separately presented instead of being grouped with prepaids expenses and deposits, other receivables, and accounts payable and accrued liabilities on a gross basis. This is consistent with how the Canadian tax authorities treats the Company's sales taxes and excise duty on a net basis.

Note 3 Marketable Securities

On May 10, 2021, the Company (specifically, wholly owned subsidiaries, Canabo and GrowWise) completed the sale of certain clinic related assets to Myconic Capital Corp (d.b.a Wellbeing Digital Sciences Limited "WDSL"). Pursuant to the Asset Purchase Agreement (the "APA"), certain inventory and equipment was sold, in addition to the assignment of research revenue and clinic leases.

In consideration for the sale and assignment of certain agreements, Myconic Capital Corp, issued and delivered a total of 7,000,000 common shares subject to statutory and contractual lock-up provisions, with a fair value of \$12,250 on the date of closing.

The sale resulted in the derecognition of certain right of use assets with a net book value of \$255 and related lease obligations of \$329. In addition, equipment with a net book value of \$232 were sold.

The gain on sale of Canabo and GrowWise net assets was determined as follows:

	\$
Consideration	12,250
Assets sold/assigned	(487)
Liabilities assumed	329
Gain on sale	12,092

The Myconic Capital Corp common shares are classified as fair value through profit and loss. The marketable securities are classified as Level 1 on the fair value hierarchy as they have quoted prices in an active market.

On April 11, 2022, the Company terminated its Clinic License and Services Agreement with WDSL. As a result, certain revenue streams that were assigned to WDSL as part of the Services Agreement will revert to the Company

such as Provincial billings for physician services and clinic education fees. Additionally, any unexpired leases which were unassigned as of the date of the termination reverted to the Company. The termination does not impact any consideration paid to the Company and the common shares are available to trade.

The current fair value of the owned common shares is \$174.

Note 4 Right-of-Use Asset and Lease Liability

The Company entered into a lease agreement, commencing June 1, 2020 for its distribution operations and corporate office. The term of the lease is 5 years and expires on July 31, 2025. As at September 30, 2022, the undiscounted commitment for the remaining office lease term is approximately \$2,612. The balance of the lease right of use assets and obligations are relate to leased equipment.

RIGHT-OF-USE ASSET

	\$
Cost	
Balance, March 31, 2022	2,888
New leases	-
Balance, September 30, 2022	2,888
Accumulated amortization	
Balance, March 31, 2022	1,044
Amortization	299
Balance, September 30, 2022	1,343
Net book value, March 31, 2022	1,844
Net book value, September 30, 2022	1,545

LEASE LIABILITY

	\$
Balance, March 31, 2022	2,356
Interest accretion	211
Payments	(410)
Balance, September 30, 2022	2,157
Less lease liability - current	682
Lease Liability - non-current	1,475
Balance, September 30, 2022	2,157

As is permitted under IFRS 16, *Leases*, the Company elected to expense its short-term or low value dollar leases in selling, general and administrative expenses in the consolidated statements of profit or loss and comprehensive profit or loss on a straight-line basis over the lease term.

Note 5 Property, Plant and Equipment

	Computer and Software	Equipment and Furniture	Leasehold Improvements	Land	Buildings	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance, March 31, 2022	722	15,949	5,632	7,737	59,956	89,996
Additions	146	286	-	-	235	667

Disposals	(4)	(84)	—	—	—	(88)
Balance, September 30, 2022	864	16,151	5,632	7,737	60,191	90,575
Accumulated depreciation						
Balance, March 31, 2022	372	12,100	857	—	36,220	49,549
Depreciation	57	587	162	—	3,072	3,878
Disposals	(2)	(58)	—	—	—	(60)
Balance, September 30, 2022	427	12,629	1,019	—	39,292	53,367
Net book value						
As at March 31, 2022	350	3,849	4,775	7,737	23,737	40,448
As at September 30, 2022	437	3,522	4,613	7,737	20,899	37,208

Depreciation relating to manufacturing equipment and production facilities for owned and right-of-use lease assets is capitalized to biological assets and inventory and is expensed to cost of sales upon the sale of goods.

During the six months ended September 30, 2022, the Company recognized depreciation expense of \$3,878 (September 30, 2021 – \$4,654), of which \$1,890 (September 30, 2021 – \$1,104) was included in cost of sales, biological assets and inventory, and \$1,988 (September 30, 2021 – \$3,550) was included in operating expenses.

Note 6 Inventory

Inventory is comprised of the following items as at:

	September 30, 2022	March 31, 2022
	\$	\$
Finished goods	4,186	4,454
Work-in-progress	27,472	27,992
Supplies and consumables	2,908	2,940
Inventory provision	(13,722)	(13,722)
Total inventory	20,844	21,664

Inventory provision mostly relates to work-in-progress.

Note 7 Biological Assets

Biological assets are valued in accordance with IAS 41. The Company's biological assets consist of cannabis plants. As there is no actively traded commodity market for these, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data which are considered level 3 inputs under IFRS. These inputs are subject to volatility in market prices and several uncontrollable factors could significantly affect the fair value of assets in the future. The fair value is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. The Company capitalizes all the direct and indirect costs as incurred related to the transformation of biological assets and measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year.

The Company's estimates are subject to change and differences from the anticipated yield will be reflected in the

gain or loss on biological assets in future periods.

The following table depicts the changes in the fair value measurement (unrealized gain/loss resulting from fair value changes on growth of biological assets) and the fair value of biological assets as of September 30, 2022 and March 31, 2022 as required by IFRS 13 fair value measurement.

	\$
Balance, March 31, 2022	1,179
Changes in fair value less costs to sell due to biological transformation	14,983
Production costs capitalized to biological assets	3,707
Transferred to inventory upon harvest	(3,238)
Balance, September 30, 2022	16,631

In determining the fair value of biological assets, management had made the following significant assumptions in the valuation model:

	September 30, 2022		March 31, 2022	
	Indoor	Outdoor	Indoor	Outdoor
Average fair value per gram (\$)	0.98	0.37	0.98	0.37
Average yield per plant (grams)	60	750	60	750
Average of growth cycle (weeks)	13	16	13	16

The Company values cannabis plants at fair value. Management determined cost approximates fair value from the date of receiving the vegetative plants until halfway through the flowering cycle of plants. Measurement of the biological transformation of the plant at fair value begins in the fourth week prior to harvest and is recognized evenly until the point of harvest. The number of weeks in the growing cycle is between twelve and sixteen weeks from propagation to harvest.

The fair value adjustment to biological assets and inventory sold consists of the following for the six months ended:

	September 30, 2022	September 30, 2021
	\$	\$
Change in fair value on growth of biological assets	15,338	7,152
Realized fair value amounts included in inventory sold	(355)	(146)
Fair value changes in biological assets and inventory sold	14,983	7,006

Note 8 Credit Facilities

Credit Facility – Current

On December 24, 2021, the Company entered into a new loan agreement that provides for a term facility of \$12,000 and access to a revolving facility up to \$7,000. The loans bear interest at a rate of the National Bank of Canada prime (with a floor of 3.45%) rate plus 9%, annually, with an effective interest rate of 14.8%. Under the agreement, the Company prepaid interest of \$749. The availability under the revolving facility is subject to an advance rate against certain accounts receivable balances. Both facilities are payable on the earlier of demand and two years from funding.

The Company received net proceeds of \$10,798 on December 24, 2021.

The facility is secured by first lien mortgages on the Paris, Ontario and Grimsby, Ontario production facilities and certain equipment and a general security agreement on the Company.

On each of March 28, 2022 and June 17, 2022 the Company and the lender agreed to certain amendments to the agreement to provide for ongoing funding under the revolving facility despite one or more breaches of existing covenants.

The amortization of the credit facility as at September 30, 2022:

	\$
Balance, March 31, 2022	12,073
Interest expense	905
Drawdown	9,020
Repayment	(7,402)
Balance, September 30, 2022	14,596
Credit facility	12,110
Revolver	2,486
Balance, September 30, 2022	14,596

Credit Facility – Non Current

On August 23, 2021, the Company entered into a secured Credit Agreement, to receive \$10,000 for working capital and general corporate purposes. The term of the loan was for one year with a fixed interest rate of 12% and an effective interest rate of 17.3%. Accrued interest may either be paid monthly in arrears or upon maturity of the facility. In addition, up to 1,000,000 common share purchase warrants with an exercise price of \$0.32 were granted and vest in four tranches of 250,000 quarterly commencing November 20, 2021. The warrants were ascribed a value of \$131, using Black Scholes pricing model. The facility is secured by a first lien mortgage on the Port Perry, Ontario facility.

On December 24, 2021, the Company entered into an amendment with its lender to revise certain terms in the credit facility. Second lien mortgages were granted against the Paris, Ontario and Grimsby, Ontario production facilities. The maturity date was extended by approximately 16 months to December 24, 2023, the stated interest rate applicable changed to 12.45%, and the interest to begin paying in June 2022.

The Company made a principal repayment of \$5,000 against the credit facility, together with accrued interest and fees on January 7, 2022. The first tranche of the common share purchase warrants of 250,000 vested on November 20, 2021. Due to the early repayment, the second tranche vesting February 20, 2022, was reduced to 190,217 from 250,000. The third tranche of 125,000 common share purchase warrants of 250,000 vested on May 20, 2022 and the remaining 125,000 common share purchase warrants vested on August 20, 2022.

On December 24, 2021, the Company entered into an amendment with its lender to revise certain terms in the credit facility including the prepayment of one year of interest, from June 2022 to June 2023, in the amount of \$623.

The amortization of the credit facility as at September 30, 2022:

	\$
Balance, March 31, 2022	5,075
Interest accretion	438
Interest payment	(623)
Balance, September 30, 2022	4,890

Note 9 Convertible Debt

Aleafia Convertible Debt

In June 2019, the Company issued 40,250 additional convertible debentures units (the “**Aleafia Convertible Debt Unit**”) for gross proceeds of \$40,300 (the “**June 2019 Convertible Debenture**”). The Aleafia Convertible Debt Unit consists of one \$1,000 principal amount of unsecured convertible debenture of the Company and 680 common share purchase warrants, under the following terms:

- A maturity date of June 27, 2022,
- An interest rate of 8.5% per annum, payable semi-annually,
- Convertible at \$1.47 per share until June 27, 2022, at the option of the holder, and
- The Company may accelerate the expiry date of the common share purchase warrants with not less than 30 days’ notice, should the daily volume weighted average trading price of the outstanding common shares of the Company on the TSX be greater than \$3.10 for 20 consecutive trading days.

During 2019, Debenture holders converted \$2,900 debentures to common shares. Accordingly, the remaining principal balance to be paid upon maturity is \$37,350.

During the three months ended March 31, 2022, Debenture holders converted \$301 debentures to 204,751 common shares. Accordingly, the remaining principal balance to be paid upon maturity is \$37,049.

On June 23, 2022, the Company amended key commercial terms of its unsecured convertible debenture (Debenture Amendments), maturing June 27, 2022. The amendment includes, among other things, exchanging the current convertible debentures for new convertible debentures with maturities in two, four and six years. The interest rate remains the same at 8.5%, with payment in kind with additional new convertible debentures and a reduction in the conversion price from \$1.47 to \$0.25 for the debentures expiring in 2024, \$0.30 for the debentures expiring in 2026, and \$0.35 for the debentures expiring in 2028.

The Debenture Amendments were effected by the exchange of the outstanding \$37,049 principal amount of unsecured convertible debentures for new, secured convertible debentures, which were issued to existing debenture holders in three equal, separate series (each, a “Series”): (a) 8.50% Series A Secured Debentures Due June 30, 2024 (the “**Series A Debentures**”), (b) 8.50% Series B Secured Debentures Due June 30, 2026 (the “**Series B Debentures**”), and (c) 8.50% Series C Secured Convertible Debentures Due June 30, 2028 (the “**Series C Debentures**” and, collectively with the Series A Debentures and the Series B Debentures, the “**New Debentures**”).

The interest rate remains at 8.5%, with no mandatory cash interest payment for either 24 and 30 months depending on the length of the term, as interest will be paid-in-kind with additional New Debentures (the “**PIK Interest**”) during these periods.

In addition, \$2,387 principal amount of Series C Debentures were issued as consideration for the consent fee payable to debenture holders who consented in favour of the extraordinary resolution approving the Debenture

Amendments.

Following the closing of the Debenture Amendments, the following New Debentures are issued and outstanding on the following terms:

New Debenture	Initial Principal Amount	Maturity Date	Conversion Price
Series A Debentures	\$12,350	June 30, 2024	\$0.25
Series B Debentures	\$12,350	June 30, 2026	\$0.30
Series C Debentures	\$14,736	June 30, 2028	\$0.35

The New Debentures are secured against certain assets of the Company and are fully subordinated to the Company's existing credit facilities. The Company is not permitted to incur further senior secured indebtedness, subject to certain exceptions including to fund working capital, capital expenditures, and acquisitions.

The below table summarizes the changes in the total consolidated convertible debentures.

	\$
Balance, March 31, 2022	36,401
Interest expense	4,076
Conversion into equity	(301)
Derecognition of June 2019 Convertible Debenture	(40,175)
Transaction costs	(636)
Issuance of New Debentures	24,128
Balance, June 30, 2022	23,493
Interest expense	1,196
Balance, September 30, 2022	24,689

The modifications to the June 2019 Convertible Debenture was determined to be substantial and therefore accounted for as an extinguishment.

The liability component of the New Debentures is recorded at the present value of the future interest and principal payments using the discount rate of 19.5%. The equity component represents the residual amount attributed to the Company's liability to equity conversion option amounting to \$16,047 and is recorded in the contributed surplus in the interim condensed consolidated statements of financial position.

Note 10 Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and Outstanding

As at September 30, 2022, there were 403,038,591 common shares issued and outstanding.

During the six months ended September 30, 2022, the Company issued 68,151,515 common shares at a price of \$0.0825 plus 3,407,500 common shares as finder's fee, pursuant to the private placement dated June 24, 2022, resulting in net proceeds of \$5,623. Each common share also has one half of one common share purchase warrant (refer to "**warrant**" section below).

During the six months ended September 30, 2021, the Company issued 231,500 common shares at an average price per share of \$0.41, for gross proceeds of \$95 under its at-the-market equity program.

Stock Options

The Company has adopted a stock option plan (the “**Plan**”), providing the Board of Directors with the discretion to issue an equivalent number of options of up to 20% of the issued and outstanding share capital. Stock options are granted with an exercise price of not less than the closing share price of the day preceding the date of grant.

The total stock option expense recognized as share-based compensation expense for the six months ended September 30, 2022 was \$1,398 (six months ended September 30, 2021 – \$1,589).

The following table summarizes information relating to outstanding and exercisable stock options as at September 30, 2022:

	Options	Weighted average exercise price
	#	\$
Balance, March 31, 2022	30,335,946	0.88
Granted	28,789,000	0.09
Forfeited/cancelled	(3,536,925)	0.40
Expired	(100,000)	0.73
Balance, September 30, 2022	55,488,021	0.50
Vested	27,742,146	0.89
Unvested	27,745,875	0.11
Balance, September 30, 2022	55,488,021	0.50

The fair values of the stock options granted during the three months ended September 30, 2022, were estimated using the Black-Scholes option pricing model with following weighted average assumptions:

Weighted average share price	\$0.05
Weighted average risk-free interest rate	2.87%
Weighted expected life-years	3.2 years
Weighted average expected daily volatility	87.5%
Weighted expected dividends	Nil
Forfeiture rate	5.59%

The volatility was calculated using the historical daily trading prices over a period commensurate with the expected life.

Restricted Share Units (“RSUs”)

The Company has a restricted share unit plan (the “**RSU Plan**”). For each RSU granted under the plan, the Company recognizes an expense equal to the market value of a common share at the date of grant based on the number of RSUs expected to vest over the term of the vesting period, with a corresponding credit to equity for share-based compensation expense anticipated to be equity settled. RSUs under the RSU plan may vest immediately or become exercisable in various increments based on conditions as determined by the Board. In determining the amount of share-based compensation, the Company used the closing price of the common shares on the RSU grant date.

During the six months ended September 30, 2022, 2,000,000 RSUs were granted (six months ended September 30, 2021 – 987,000). The total RSU expense recognized as share-based compensation expense for the six months ended September 30, 2022 was \$7 (six months ended September 30, 2021 – \$10).

A summary of the RSUs granted and outstanding as at September 30, 2022, is as follows:

	#
Balance, March 31, 2022	717,917
Granted	2,000,000
Exercised/released	(219,167)
Cancelled/forfeited	(122,250)
Balance, September 30, 2022	2,376,500

There are no RSU's exercisable as they are issued as common shares upon vesting.

Deferred Share Unit Plan for Directors

At the Company's annual general meeting on June 30, 2020, shareholders passed a resolution approving the Company's deferred share unit plan (the "DSU Plan"), which was implemented during the year ended December 31, 2020.

The purpose of the DSU Plan is to promote a greater alignment of long-term interests between eligible participants (being non-executive directors only) and the Company and its shareholders, to provide a compensation system for non-employee directors that, together with other director compensation, is reflective of the responsibility, commitment and risk accompanying membership on the Board and the performance of the duties required of the various committees of the Board.

The deferred share units are settled in either cash or shares or a combination of both, at the election of the board of Directors. The DSUs have been classified as liability in anticipation of cash settlement and are revalued at each reporting period using the quarter end Company stock price.

During the six months ended September 30, 2022, 1,704,768 DSUs were granted (six months ended September 30, 2021 – 314,357 DSUs). As at September 30, 2022, there were 3,734,771 DSUs issued and outstanding. As at September 30, 2022, the fair value of the DSU outstanding is \$187 (September 30, 2021 – \$182).

A summary of the DSUs granted and outstanding as at September 30, 2022 is as follows:

	#
Balance, March 31, 2022	2,030,003
Granted	1,704,768
Balance, September 30, 2022	3,734,771

There are no DSU's exercisable as they are issued as common shares upon vesting.

Warrants

The Company has the following warrants outstanding:

	Warrants outstanding	Weighted average exercise price
	#	\$

Balance, March 31, 2022	56,155,432	1.19
Issued	34,075,758	0.10
Expired	(29,285,900)	1.45
Outstanding and exercisable, September 30, 2022	60,945,290	0.45

In conjunction with the issuance of common shares under the private placement, each holder received one half of one common share purchase warrant. A total of 34,075,758 were issued with an exercise price of \$0.1025, expiring June 24, 2026. The expiry date may be accelerated by the Company at any time and upon 30 days' notice if the closing price of the common shares on the Toronto Stock Exchange is greater than \$0.165 for any 10 consecutive trading day after the four month lock up period and prior to the expiry of the warrants.

The remaining outstanding and exercisable warrants expire between March 9, 2023 and June 24, 2026.

Note 11 Expenses by Nature

The consolidated statements of profit (loss) and comprehensive profit (loss) include the following expenses by nature for the six months ended:

	September 30, 2022	September 30, 2021
	\$	\$
Salaries, bonuses and benefits	8,337	12,911
Share-based compensation	1,398	1,589
Termination benefits and severance costs	743	276
Total	10,478	14,776

Salaries, bonuses and benefits relating to manufacturing and production facilities are capitalized to inventory and then expensed to cost of sales upon the sale of goods. During the six months ended September 30, 2022, the Company recognized salaries, bonuses and benefits of \$8,337 (six months ended September 30, 2021 – \$12,911), of which \$3,227 (six months ended September 30, 2021 – \$4,645) was included in cost of sales and \$5,110 (six months ended September 30, 2021 – \$8,266) was included in operating expenses.

Note 12 Key Management Compensation

Key management includes directors and key executives of the Company.

During the six months ended September 30, 2022 and 2021, the Company had the following transactions with the officers and directors of the Company:

	September 30, 2022	September 30, 2021
	\$	\$
Wages and benefits: Directors	-	358
Wages and benefits: Management	656	773
Share based compensation: Directors	128	-
Share based compensation: Management	607	451
	1,391	1,582

Note 13 Profit (Loss) per Share

Loss per common share is calculated using the weighted average number of common shares outstanding. The weighted average number of shares outstanding for the three and six months ended September 30, 2022 was

402,859,277 and 364,096,052 respectively (three and six months ended September 30, 2021 – 330,866,674, and 330,697,187 respectively).

Diluted income per common share is calculated using the weighted average number of common shares outstanding taking into consideration the weighted average impact of dilutive securities. All of the Company’s potentially dilutive securities are anti-diluted during the periods presented due to losses incurred.

Note 14 Management of Capital

The Company’s objectives when managing capital are to sustain a sufficient capital base to maintain investor, creditor, supplier, and customer confidence and to sustain the future development of the business. The Company does not have any externally imposed capital requirements to which it is subject.

The Company defines capital as the aggregate of its shareholders’ equity, credit facilities, lease liabilities, and convertible debt. The Company manages the capital structure and adjusts it to reflect changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash. In the current period, the Company manages its capital with a heightened focus on maintaining and improving its liquidity. During the six months ended September 30, 2022, there has been no other significant changes to the management of capital.

Note 15 Financial Instruments and Financial Risks

Fair Value of Financial Instruments

The Company’s financial instruments consist of cash, restricted cash, marketable securities, trade and other receivables, investments, accounts payable, lease liability, and convertible debt. The following table summarizes the carrying values of the Company’s financial instruments by measurement category:

	September 30, 2022	March 31, 2022
	\$	\$
Fair value through profit and loss (cash, restricted cash, investments, and marketable securities)	4,477	5,150
Assets, amortized cost (trade receivables)	7,725	7,751
Liabilities, amortized cost (Accounts payable, net tax payable, lease liability, credit facilities and convertible debt)	63,627	79,903

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
- Level 3 - Inputs that are not based on observable market data

The following table sets out for the Company’s financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as at September 30, 2022 and March 31, 2022:

	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

	\$	\$	\$	\$
Cash	1,739	–	–	1,739
Restricted cash	168	–	–	168
Marketable securities	174	–	–	174
Investments	–	–	2,396	2,396
Total, September 30, 2022	2,081	–	2,396	4,477

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	1,347	–	–	1,347
Restricted cash	222	–	–	222
Marketable securities	1,190	–	–	1,190
Investments	–	–	2,391	2,391
Total, March 31, 2022	2,759	–	2,391	5,150

The carrying value of trade receivables and accounts payable are a reasonable approximation of their fair value due to their short-term nature. The carrying value of lease liability, credit facility and convertible debt are a reasonable approximation of their value based on market interest rates for similar instruments as at September 30, 2022.

Risk Management

Effective risk management is fundamental to the success of the organization and is recognized as key in the Company's overall approach to strategy management. The Company has a strong, disciplined risk culture where managing risk is a responsibility shared by all of the company's employees.

The primary goals of the risk management are to ensure that the outcomes of risk-taking activities are consistent with the Company's strategies and the risk appetite and that there is an appropriate balance between risk and reward in order to maximize shareholder value.

The Company has identified the below potential risk categories:

a) Currency risk

The Company's revenues and expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary assets or liabilities and has few transactions denominated in a currency other than Canadian dollars. During the six months ended September 30, 2022, there has been no change to the management of this risk.

b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits, the variable rate of interest applicable to the \$12,000 term facility and the drawn amount on the revolving facility. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term in nature. The interest rate risk on convertible debt is insignificant due to the fixed rate of interest on convertible debt. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company monitors interest rates and may enter into derivative instruments to hedge interest rate risk should it deem it economically efficient.

c) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations.

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash, trade and other receivables and marketable securities. The risk exposure is limited to their carrying values reflected on the consolidated statements of financial position. To minimize the credit risk the Company places these instruments with a high-quality financial institution. There are no expected credit losses with respect to cash and as the Company does not invest in asset backed investments. To manage and mitigate credit risk in respect of trade receivables, the Company has the option in certain cases to receive product in kind.

For the six months ended September 30, 2022, the expected credit losses of trade and other accounts receivables was assessed based on the expected loss model in compliance with IFRS 9. Individual receivables that were known to have incurred credit losses are written off by reducing the carrying amount directly, and this is reevaluated and subject to change as the Company reevaluates its credit risk exposure. Pursuant to their collective terms, trade accounts receivable, were aged as follows:

	September 30, 2022	March 31, 2022
	\$	\$
Current	6,477	6,363
0 – 30 days past due	21	250
31 – 60 days past due	7	95
61 – 90 days past due	1	69
90 + days past due	1,385	1,176
Provision for credit losses	(654)	(654)
Other receivables	488	452
Total	7,725	7,751

The standard payment terms applicable to most customers are between 30 – 60 days upon receipt of goods. There is negligible credit risk with respect to other receivables, as they are mostly due from government agencies.

The Company has concentration risk, as approximately 90% (March 31, 2022 – 76%) of total revenue came from four (March 31, 2022 – three) customers and approximately 74% (March 31, 2022 – 79%) of total trade accounts receivable is due from three (March 31, 2022 – three) customers.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has experienced recurring losses and has a cumulative deficit of \$490,626. Cash flow from operations is negative. Refer to note 2, Going Concern.

As at September 30, 2022, the Company has total current assets of \$49,874 (March 31, 2022 – \$36,835) and total current liabilities of \$32,573 (March 31, 2022 – \$72,995), providing for net current assets of \$17,301 (March 31, 2022 – net current liability of \$36,160). The significant change during the six months ended September 30, 2022 is a result of the extinguishment of the June 2019 Convertible Debenture.

The Company has the following undiscounted future payments for convertible debenture, credit facilities, lease obligations, and purchase commitments as at September 30, 2022:

	within 1 year	2 years	3 years	4 years	5 years and thereafter
	\$	\$	\$	\$	\$
Convertible debenture	-	15,669	-	15,678	18,638
Credit facilities	14,596	5,000	-	-	-
Lease obligations	682	817	641	14	3
Purchase commitments	365	60	60	-	-
Total	15,643	21,546	701	15,692	18,641

The interest on the credit facilities included in the table above is approximately \$110 within two years.

Note 16 Commitments and Contingencies

In the ordinary course of business, from time to time, the Company may be involved in various claims related to its commercial and/or corporate activities. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these consolidated financial statements.

Certain of Emblem Corp.'s former executives have been named in a claim commenced March 20, 2015, in the Ontario Superior Court of Justice that also identifies Emblem Corp. and Emblem in relation to certain services provided to the parties by an individual. The plaintiff has claimed \$10,000 in damages. The claim is being contested and is expected to proceed to trial circa 2024 if an early settlement is not achieved. The outcome of this legal matter is subject to negotiations by the officers of the Company and the Company believes it is unlikely to be impacted and accordingly, no amount has been provided for. A separate claim was also initiated by Amos Tayts on March 22, 2019, in the Ontario Superior Court of Justice against Emblem and Emblem Corp. arising out of the same facts and seeking the same damages. It is also being contested.

On June 16, 2020, a class-action lawsuit was issued in Calgary, Alberta by Lisa Marie Langevin as the proposed representative plaintiff. The claim has been filed against most of the cannabis manufacturers in Canada and includes, among the many defendants, Emblem Corp. and Aleafia Health. The claim alleges that the THC and CBD levels in the products manufactured and/or sold by the defendants differed from what was represented on packaging, specifically alleging that THC and CBD levels were found to be significantly higher than indicated in some products while others may have had significantly lower levels. The action is seeking \$500,000 (or such other amount as may be proven at trial) for all Canadians who purchased medicinal cannabis products on or after June 16, 2010, as well as Canadians who legally purchased cannabis for recreational purposes on or after October 17, 2018. The claim also seeks \$5,000 in punitive damages. Ms. Langevin has not alleged that she ever purchased product from Emblem or Aleafia Health. The case is at its earliest stages. The Company believes it has good defenses to the claim and intends to vigorously defend the claim. Accordingly, at this stage no amount has been provided for in the consolidated statements of financial position in respect of this claim.

Note 17 Restatement of Corresponding Amounts

The Company has restated its consolidated statements of financial position as at December 31, 2020 and its consolidated statements of profit (loss) and comprehensive profit (loss), consolidated statement of changes in shareholders' equity and consolidated statements of cash flows for the year ended December 31, 2020. In the course of preparing the Company's consolidated financial statements for the year ended March 31, 2022, a misinterpretation was discovered involving two non-recurring transactions in the bulk wholesale sales channel recorded in the quarters ended June 30, 2020 and September 30, 2020.

In the three months ended June 30 and September 30, 2020, the Company recorded net revenue of \$6,163 and \$2,104, respectively. Both of these non-recurring transactions in the bulk wholesale sales channel were to one

customer. These transactions provided the wholesale customer with extended payment terms which were initiated upon shipment to the customer. Some products which were shipped to the customer were later returned to the Company. No payment to date has been received by the Company for either of these two non-recurring transactions.

As a result of the aforementioned, the restatement impacts the bad debt expense subsequently recorded during the six months ended September 30, 2021 amounting to \$7,855. The following tables present the impact of the restatement adjustments on the Company's previously reported unaudited interim condensed consolidated financial statements as at and for the six months ended September 30, 2021. The "**Restated**" columns for 2021 reflect final adjusted balances after the restatement.

	September 30, 2021	September 30, 2021	September 30, 2021
	As presented	Adjustments	Restated
	\$	\$	\$
Consolidated Statement of Profit (Loss) and Comprehensive Profit (Loss)			
Bad debt expense	9,386	(7,855)	1,531
Net profit (loss) and comprehensive profit (loss)	(82,958)	7,855	(75,103)
Profit (loss) per share, basic and diluted	(0.25)	(0.02)	(0.23)
Consolidated Statement of Changes in Shareholders' Equity			
Balances, March 30, 2021	165,958	(8,267)	157,691
Net profit (loss) for the period	(82,958)	7,855	(75,103)
Consolidated Statement of Cash Flows			
Net profit (loss) for the period	(82,958)	7,855	(75,103)
Adjustments for non-cash items:			
Bad debt expense	9,386	(7,855)	1,531
Changes in operating working capital:			
Trade and other receivables	(6,005)	(1,075)	(7,080)
Net tax payable (receivable)	(13)	1,075	1,062

Note 18 Subsequent Event

In November 2022, the Company enacted further cost savings initiatives around its flower supply, by initiating the winddown of its Grimsby greenhouse which represents an annualized net cost savings of approximately \$4,100 which will further improve go forward profitability. The Company will commence the process of ceasing operations, effective November 2022, impacting 41 employees. The Company will be assessing alternatives and may potentially pursue selling the asset.



ALEAFIA HEALTH INC.
UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)
For the Nine Months Ended December 31, 2022
and December 31, 2021

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Aleafia Health Inc.:

The accompanying unaudited interim condensed consolidated financial statements of Aleafia Health Inc. and its subsidiaries (the "Company") were prepared by management, which is responsible for the integrity and fairness of the information presented, including the many amounts that out of necessity are based on estimates and judgements. These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

In fulfilling its responsibilities, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of these unaudited interim condensed consolidated financial statements.

The Board of Directors oversees the responsibilities of management for financial reporting through an Audit Committee, which is composed entirely of independent directors. This Audit Committee reviews the unaudited interim condensed consolidated financial statements and recommends them to the Board of Directors for approval. They meet regularly with management to review internal control procedures and advise directors on accounting matters and financial reporting issues.

"Tricia Symmes"

Patricia Symmes-Rizakos
Chief Executive Officer

"Matthew Sale"

Matthew Sale
Chief Financial Officer

ALEAFIA HEALTH INC.**Unaudited Interim Condensed Consolidated Statements of Financial Position**

As at December 31, 2022 and March 31, 2022

(Amounts reflected in thousands of Canadian dollars)

	Notes	December 31, 2022	March 31, 2022
		\$	\$
ASSETS			
Current			
Cash		434	1,347
Restricted cash		168	222
Marketable securities	3	49	1,190
Trade and other receivables, net	15	6,395	7,751
Net tax receivable		-	530
Prepays and deposits		1,907	2,952
Inventory, net	6	22,196	21,664
Biological assets	7	1,056	1,179
		32,205	36,835
Assets held for sale	18	12,000	-
Non-current			
Property, plant, and equipment, net	5	21,118	40,448
Right-of-use assets	4	1,394	1,844
Investments		2,396	2,391
		24,908	44,683
TOTAL ASSETS		69,113	81,518
LIABILITIES			
Current			
Accounts payable and accrued liabilities		12,032	23,999
Net tax payable		7,487	-
Lease liability	4	464	522
Credit facility	8	13,222	12,073
Convertible debt	9	-	36,401
		33,205	72,995
Liabilities held for sale	18	4,375	-
Non-current			
Lease liability	4	1,524	1,833
Convertible debt	9	25,916	-
Credit facility	8	-	5,075
Promissory note	8	966	-
		28,406	6,908
TOTAL LIABILITIES		65,986	79,903
SHAREHOLDERS' EQUITY			
Share capital	10	408,703	404,341
Contributed surplus	10	110,184	90,477
Deficit		(515,760)	(493,203)
		3,127	1,615
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		69,113	81,518

COMMITMENTS AND CONTINGENCIES (Note 16)

GOING CONCERN (Note 2)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.
Approved and authorized for issue on behalf of the board on February 10, 2023.

"David Pasioka"
David Pasioka, Chairman

"Lu Galasso"
Lu Galasso, Director

ALEAFIA HEALTH INC.

Unaudited Interim Condensed Consolidated Statements of Profit or Loss and Comprehensive Profit or Loss

For the three months and nine months ended December 31, 2022, and 2021

(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

	Notes	Three months ended		Nine months ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021 (Restated – note 17)
		\$	\$	\$	\$
Revenue		14,754	11,981	45,660	36,009
Excise taxes		(3,965)	(3,217)	(12,207)	(6,552)
Net revenue		10,789	8,764	33,453	29,457
Cost of sales		6,799	6,415	23,214	26,460
Gross profit before fair value adjustment		3,990	2,349	10,239	2,997
Fair value changes in biological assets and changes in inventory sold	7	(10,449)	(6,633)	4,534	373
Inventory provision		(6,795)	(17,266)	(6,795)	(17,266)
Gross profit (loss)		(13,254)	(21,550)	7,978	(13,896)
Operating expenses					
Selling, general and administrative expenses	11	3,872	6,980	13,061	22,344
Amortization and depreciation expense	4,5	1,022	1,512	3,010	5,062
Share-based compensation expense	10	685	663	2,083	2,252
Restructuring costs		291	-	291	-
Business transaction costs		67	951	428	2,876
Bad debt expense	15	-	12	(1)	1,543
		5,937	10,118	18,872	34,077
Other expenses (income)					
Interest expense		2,233	2,185	7,047	5,922
Fair value adjustments through profit and loss	3	126	8,785	1,132	14,385
Gain on marketable securities		-	-	(3)	(12,092)
Impairment of property, plant and equipment		3,578	28,800	3,578	28,000
Impairment of goodwill		-	-	-	11,314
Impairment of intangible assets		-	-	-	53,093
Gain on sale of assets		-	-	(91)	-
Other non-operating expenses		-	71	-	71
		5,937	39,841	11,663	101,493
Net loss before income taxes		(25,128)	(71,509)	(22,557)	(149,466)
Income tax					
Current income tax expense (recovery)		-	-	-	-
Deferred income tax expense (recovery)		-	-	-	(2,854)
Net loss and comprehensive loss		(25,128)	(71,509)	(22,557)	(146,612)
Net loss per share, basic and diluted	13	(0.06)	(0.22)	(0.06)	(0.44)
Weighted average common shares outstanding		403,061,914	331,029,471	381,042,259	330,807,544

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

ALEAFIA HEALTH INC.

Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

For the nine months ended December 31, 2022, and 2021

(Amounts reflected in thousands of Canadian dollars, except share and warrant amounts)

	Notes	Number of Shares	Common Shares	Contributed Surplus	Deficit	Total
	#	#	\$	\$	\$	\$
Balances, March 31, 2022		331,124,351	404,341	90,477	(493,203)	157,691
Share issuance costs		-	(1,511)	-	-	(1,511)
Shares issued under private placement	10	71,559,015	5,623	-	-	5,623
Shares issued under deferred share unit plan	10	24,816	152	-	-	152
Shares issued from conversion of convertible debentures		204,761	15	-	-	15
Equity portion of debt issuance	9	-	-	16,047	-	16,047
Restricted share units issued/released		149,766	83	(83)	-	-
Warrants issued		-	-	1,352	-	1,352
Share-based compensation expense		-	-	2,391	-	2,391
Net loss for the period		-	-	-	(22,557)	(19,129)
Balances, December 31, 2022		403,062,709	408,703	110,184	(515,760)	6,555

	Notes	Number of Shares	Common Shares	Contributed Surplus	Deficit (Restated – note 17)	Total
	#	#	\$	\$	\$	\$
Balances, March 31, 2021		330,491,826	404,128	88,147	(334,584)	157,691
Share issuance costs		-	-	37	-	37
Issuance of common shares		387,500	154	1	-	155
Shares issued under deferred share unit plan		89,709	96	-	-	96
Warrants issued		-	-	131	-	131
Share-based compensation expense	10	-	-	2,252	-	2,252
Restricted share units issued/released		110,718	-	(160)	-	(160)
Net loss for the period		-	-	-	(146,612)	(146,612)
Balances, December 31, 2021		331,079,753	404,378	90,408	(481,196)	13,590

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

ALEAFIA HEALTH INC.**Unaudited Interim Condensed Consolidated Statements of Cash Flows**

For the nine months ended December 31, 2022, and 2021

(Amounts reflected in thousands of Canadian dollars)

	December 31, 2022	December 31, 2021 (Restated – note 17)
	\$	\$
Operating activities		
Net profit (loss) for the period	(22,557)	(146,612)
Adjustments for non-cash items:		
Depreciation expense	5,672	6,821
Amortization expense	-	1,080
Share-based compensation expense	2,391	2,252
Interest expense	7,047	2,835
Bad debt expense	(1)	1,543
Gain on sale of marketable securities	(3)	-
Fair value adjustments through profit and loss	1,132	14,385
Gain on property, plant and equipment disposal	(91)	(12,092)
Impairment of property, plant and equipment	3,578	28,800
Impairment of intangible assets	-	53,093
Impairment of goodwill	-	11,314
Deferred income tax recovery	-	(2,854)
Inventory provision	6,795	17,266
Fair value changes in biological assets and changes in inventory sold	(4,534)	(373)
	(571)	(22,542)
Changes in operating working capital:		
Trade and other receivables	1,356	(15,953)
Prepays and deposits	1,045	1,477
Inventory	(7,327)	(8,047)
Biological assets	4,657	1,235
Accounts payable and accrued liabilities	(8,817)	6,288
Net tax payable (receivable)	8,017	486
Net cash used in operating activities	(1,640)	(37,056)
Investing activities		
Proceeds from sale of marketable securities	7	-
Proceeds from sale of property, plant, and equipment	228	-
Acquisition of property, plant, and equipment	(1,613)	(3,245)
Net cash used in investing activities	(1,378)	(3,245)
Financing activities		
Lease liability payments	(669)	(949)
Interest payments	(1,931)	-
Borrowing from (repayment to) credit facility	(1,050)	21,798
Proceeds from issuance of promissory note	1,000	-
Proceeds from the issuance of common shares	5,623	155
Conversion of convertible debt into equity	(286)	-
Debt issuance cost	(636)	-
Net cash provided by financing activities	2,051	21,004
Change in cash	(967)	(19,297)
Cash and restricted cash, beginning of period	1,569	30,529
Cash and restricted cash, end of period	602	11,232

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Note 1 Nature of Operations and Basis of Presentation

Nature of Operations

The Company is a publicly traded corporation incorporated under the laws of Ontario. Aleafia Health's head and registered office is currently located at 85 Basaltic Road, Concord, Ontario, and its corporate website is www.AleafiaHealth.com.

The Company is a federally licensed Canadian cannabis company offering cannabis products in Canada and destined for international markets, including Australia and Germany. The Company operates a virtual medical cannabis clinic staffed by physicians and nurse practitioners which provide health and wellness services across Canada.

The Company owns three licensed cannabis production facilities and operates a strategically located distribution centre all in the province of Ontario, including the largest, outdoor cannabis cultivation facility in Canada. The Company produces a diverse portfolio of cannabis and cannabis derivative products including pre-roll, milled, dried flower, vapes, oils, capsules, edibles, sublingual strips, and topicals, for sale in Canada in the medical and adult-use markets, and in select international jurisdictions.

The common shares of the Company commenced trading on the Toronto Stock Exchange ("TSX") (symbol "AH"), on May 27, 2020. Previously, common shares were traded on the TSX Venture Exchange Inc. under a different ticker symbol from March 18, 2019.

Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). As such, they must be read in conjunction with the annual audited consolidated financial statements for the period ended March 31, 2022 and the notes thereto. However, selected notes are included that are significant to understanding the Company's financial position and performance since the last annual consolidated financial statements for the year ended March 31, 2022. The unaudited interim financial statements are presented in Canadian dollars, which is the Company's functional currency. The amounts in the tables are expressed in Canadian dollars and rounded to the nearest thousand, unless otherwise stated.

The Board of Directors approved these unaudited condensed consolidated interim financial statements on February 10, 2023.

Note 2 Significant Accounting Policies

The accounting policies applied in these unaudited condensed consolidated interim financial statements are the same as those applied in the Company's consolidated financial statements for the year ended March 31, 2022. The annual consolidated financial statements are available on SEDAR at www.sedar.com. These policies have been applied throughout the periods reported.

Going concern assumption

These unaudited interim condensed consolidated financial statements have been prepared on a going concern

basis, which contemplates continuity of normal business activities and the realization of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future.

The Company has experienced recurring losses, has a cumulative deficit of \$515,760 (March 31, 2022 – \$493,203) and net working capital deficit of \$1,000 (March 31, 2022 – deficiency of \$36,160). These factors indicate that there are material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on its ability to achieve profitable operations and/or raise equity or debt financing. There is no assurance that any necessary future financing will be sufficient to sustain operations until such time that the Company can generate sufficiently profitable operations to support its requirements.

These unaudited interim condensed consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern, such adjustments could be material.

The Company's objectives when managing its liquidity and capital resources are to ensure sufficient liquidity to meet its financial obligations and execute its operating and strategic plans for at least the next twelve months. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. The Company manages liquidity risk by exploring new debt and equity financing options, reviewing its capital structure to optimize the cost of capital, maintaining the continuity of equity and debt funding options, managing its non-cash current assets to ensure the timely conversion to cash, optimizing its fixed assets which in certain instances includes monetizing, and putting plans in place to meet its financial obligations as they come due.

The Company has multiple options to meet liquidity needs including converting its non-cash working capital to cash, issuance of common shares via its at-the-market equity financing program, issuing common shares via a public equity offering, share capital, and new debt financing options.

The Company's ability to meet its commitments to sustain operations and settle its obligations as they become due within the next twelve months and its exposure to liquidity risk is dependent on the Company's ability to:

- Realize cash flow from operations which is subject to significant judgements and estimates, the most significant of which is the Company's sales projections and its ability to realize its assets and discharge its liabilities in the normal course of business
- Remain in compliance with its credit facilities and convertible debenture covenants; and
- Raise additional debt and equity financing.

While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to obtain sufficient financing in the future on terms favourable for the Company.

Assets and liabilities held for sale

Assets and liabilities held for sale are no longer depreciated and are presented separately in the statement of financial position at the lower of their carrying amount and fair value less costs to sell. An asset is regarded as held for sale if its carrying amount will be recovered principally through a sale transaction, rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable.

Reclassification of comparative period presentation

Certain amounts from prior periods have been reclassified to ensure consistency with the current period's presentation. These reclassifications had no effect on the reported results of operations. Net tax receivable as of March 31, 2022 has been presented separately, rather than being grouped with prepaids expenses and deposits, other receivables, and accounts payable and accrued liabilities on a gross basis. This is consistent with how the Canadian tax authorities treats the Company's sales taxes and excise duty on a net basis.

Note 3 Marketable Securities

On May 10, 2021, the Company, through its subsidiaries Canabo and GrowWise, sold certain clinic assets to Myconic Capital Corp (d.b.a Wellbeing Digital Sciences Limited "WDSL"). In exchange, WDSL issued 7,000,000 common shares with a fair value of \$12,250 at the time of closing. The sale resulted in the derecognition of assets and lease obligations with a net book value of \$586, resulting in a gain of \$12,092.

The shares are classified as fair value through profit and loss, and the Level 1 on the fair value hierarchy as they have quoted market prices in an active market. The current fair value of the owned common shares is \$49.

Note 4 Right-of-Use Asset and Lease Liability

The Company entered into a lease agreement, commencing June 1, 2020 for its distribution operations and corporate office. The term of the lease is 5 years and expires on July 31, 2025. As at December 31, 2022, the undiscounted commitment for the remaining office lease term is approximately \$2,497. The balance of the lease right of use assets and obligations are relate to leased equipment.

RIGHT-OF-USE ASSET

	\$
Cost	
Balance, March 31, 2022	2,888
Terminations	(48)
Balance, December 31, 2022	2,840
Accumulated amortization	
Balance, March 31, 2022	1,044
Terminations	(43)
Amortization	445
Balance, December 31, 2022	1,446
Net book value, March 31, 2022	1,844
Net book value, December 31, 2022	1,394

LEASE LIABILITY

	\$
Balance, March 31, 2022	2,355
Termination	(5)
Interest accretion	307
Payments	(669)
Balance, December 31, 2022	1,988
Less lease liability, current	464
Lease Liability, non-current	1,524
Balance, December 31, 2022	1,988

As is permitted under IFRS 16, *Leases*, the Company elected to expense its short-term or low value dollar leases in selling, general and administrative expenses in the consolidated statements of profit or loss and comprehensive

profit or loss on a straight-line basis over the lease term.

Note 5 Property, Plant and Equipment

	Computer and Software	Equipment and Furniture	Leasehold Improvements	Land	Buildings	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance, March 31, 2022	722	15,949	5,632	7,737	59,956	89,996
Additions	331	1,021	-	-	261	1,613
Disposals	(4)	(194)	-	-	-	(198)
Impairment loss	-	-	-	-	(3,578)	(3,578)
Transfer to assets held for sale	-	-	-	(1,051)	(22,388)	(23,439)
Balance, December 31, 2022	1,049	16,776	5,632	6,686	34,251	64,394
Accumulated depreciation						
Balance, March 31, 2022	372	12,100	857	-	36,219	49,548
Depreciation	98	1,414	324	-	3,391	5,227
Disposals	(2)	(58)	-	-	-	(60)
Transfer to assets held for sale	-	-	-	-	(11,439)	(11,439)
Balance, December 31, 2022	468	13,456	1,181	-	28,171	43,276
Net book value						
As at March 31, 2022	350	3,849	4,775	7,737	23,737	40,448
As at December 31, 2022	581	3,320	4,451	6,686	6,080	21,118

Depreciation relating to manufacturing equipment and production facilities for owned and right-of-use lease assets is capitalized to biological assets and inventory and is expensed to cost of sales upon the sale of goods.

During the nine months ended December 31, 2022, the Company recognized depreciation expense of \$5,227 (December 31, 2021 – \$6,821), of which \$2,217 (December 31, 2021 – \$2,387) was included in cost of sales, biological assets and inventory, and \$3,010 (December 31, 2021 – \$4,434) was included in operating expenses.

Note 6 Inventory

Inventory is comprised of the following items as at:

	December 31, 2022	March 31, 2022
	\$	\$
Finished goods	3,829	4,454
Work-in-progress	30,230	27,992
Supplies and consumables	3,069	2,940
Inventory provision	(14,932)	(13,722)
Total inventory	22,196	21,664

Inventory provision mostly relates to work-in-progress.

Note 7 Biological Assets

Biological assets are valued in accordance with IAS 41. The Company's biological assets consist of cannabis plants. As there is no actively traded commodity market for these, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data which are considered level 3 inputs under IFRS. These inputs are subject to volatility in market prices and several uncontrollable factors could significantly affect the fair value of assets in the future. The fair value is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. The Company capitalizes all the direct and indirect costs as incurred related to the transformation of biological assets and measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year.

The Company's estimates are subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

The following table depicts the changes in the fair value measurement (unrealized gain/loss resulting from fair value changes on growth of biological assets) and the fair value of biological assets as of December 31, 2022 and March 31, 2022 as required by IFRS 13 fair value measurement.

	\$
Balance, March 31, 2022	1,179
Changes in fair value less costs to sell due to biological transformation	14,805
Production costs capitalized to biological assets	3,906
Transferred to inventory upon harvest	(18,834)
Balance, December 31, 2022	1,056

In determining the fair value of biological assets, management had made the following significant assumptions in the valuation model:

	December 31, 2022		March 31, 2022	
	Indoor	Outdoor	Indoor	Outdoor
Average fair value per gram (\$)	2.00	0.37	0.98	0.37
Average yield per plant (grams)	244	238	60	750
Average of growth cycle (weeks)	13	20	13	16

The Company values cannabis plants at fair value. Management determined cost approximates fair value from the date of receiving the vegetative plants until halfway through the flowering cycle of plants. Measurement of the biological transformation of the plant at fair value begins at the time of planting and is recognized evenly until the point of harvest. The number of weeks in the growing cycle is between twelve and twenty weeks from propagation to harvest.

The fair value adjustment to biological assets and inventory sold consists of the following for the nine months ended:

	December 31, 2022	December 31, 2021
	\$	\$
Change in fair value on growth of biological assets	4,889	2,153
Realized fair value amounts included in inventory sold	(355)	(1,780)
Fair value changes in biological assets and inventory sold	4,534	373

Note 8 Credit Facilities and Promissory Note

December 2021 Credit Facility - Current

On December 24, 2021, the Company entered into a new loan agreement that provides for a term facility of \$12,000 and access to a revolving facility up to \$7,000. The loans bear interest at a rate of the National Bank of Canada prime (with a floor of 3.45%) rate plus 9%, annually, with an effective interest rate of 14.8%. Under the agreement, the Company prepaid interest of \$749. The availability under the revolving facility is subject to an advance rate against certain accounts receivable balances. Both facilities are payable on the earlier of demand and two years from funding.

The Company received net proceeds of \$10,798 on December 24, 2021.

The facility is secured by first lien mortgages on the Paris, Ontario and Grimsby, Ontario production facilities and certain equipment and a general security agreement on the Company.

On each of March 28, 2022 and June 17, 2022 the Company and the lender agreed to certain amendments to the agreement to provide for ongoing funding under the revolving facility despite one or more breaches of existing covenants.

The amortization of the credit facility as at December 3, 2022:

	\$
Balance, March 31, 2022	12,073
Interest expense	1,463
Drawdown	18,772
Repayment	(19,822)
Transfer to liabilities held for sale	(4,375)
Balance, December 31, 2022	8,111
Credit facility	7,752
Revolver	359
Balance, December 31, 2022	8,111

August 2021 Credit Facility - Current

On August 23, 2021, the Company entered into a secured Credit Agreement, to receive \$10,000 for working capital and general corporate purposes. The term of the loan was for one year with a fixed interest rate of 12% and an effective interest rate of 17.3%. Accrued interest may either be paid monthly in arrears or upon maturity of the facility. In addition, up to 1,000,000 common share purchase warrants with an exercise price of \$0.32 were granted

and vest in four tranches of 250,000 quarterly commencing November 20, 2021. The warrants were ascribed a value of \$131, using Black Scholes pricing model. The facility is secured by a first lien mortgage on the Port Perry, Ontario facility.

On December 24, 2021, the Company entered into an amendment with its lender to revise certain terms in the credit facility. Second lien mortgages were granted against the Paris, Ontario and Grimsby, Ontario production facilities. The maturity date was extended by approximately 16 months to December 24, 2023, the stated interest rate applicable changed to 12.45%, and the interest to begin paying in June 2022.

The Company made a principal repayment of \$5,000 against the credit facility, together with accrued interest and fees on January 7, 2022. The first tranche of the common share purchase warrants of 250,000 vested on November 20, 2021. Due to the early repayment, the second tranche vesting February 20, 2022, was reduced to 190,217 from 250,000. The third tranche of 125,000 common share purchase warrants of 250,000 vested on May 20, 2022 and the remaining 125,000 common share purchase warrants vested on August 20, 2022.

On December 24, 2021, the Company entered into an amendment with its lender to revise certain terms in the credit facility including the prepayment of one year of interest, from June 2022 to June 2023, in the amount of \$623.

The amortization of the credit facility as at December 31, 2022:

	\$
Balance, March 31, 2022	5,075
Interest accretion	659
Interest payment	(623)
Balance, December 31, 2022	5,111
Credit facility, current	5,111
Credit facility, non-current	-
Balance, December 31, 2022	5,111

Promissory Note – Non Current

On December 16, 2022, the Company issued a promissory note to receive \$1,000 for general corporate purposes. The term of the loan was for two years with a fixed interest rate of 12.75% and an effective interest rate of 14.41%. The promissory note will be due and payable on December 31, 2024. The interest on the amount of the promissory note will accrue and be paid bi-monthly.

The amortization of the promissory note as at December 31, 2022 is as follows:

	\$
Proceeds from issuance on December 16, 2022	1,000
Transaction costs	(35)
Interest accretion and amortization of transaction costs	6
Balance, December 31, 2022	971
Interest payable included in accounts payable and accrued liabilities	5
Promissory note	966
Balance, December 31, 2022	971

Note 9 Convertible Debt

Aleafia Convertible Debt

In June 2019, the Company issued 40,250 additional convertible debentures units (the “**Aleafia Convertible Debt Unit**”) for gross proceeds of \$40,300 (the “**June 2019 Convertible Debenture**”). The Aleafia Convertible Debt Unit consists of one \$1,000 principal amount of unsecured convertible debenture of the Company and 680 common share purchase warrants, under the following terms:

- A maturity date of June 27, 2022,
- An interest rate of 8.5% per annum, payable semi-annually,
- Convertible at \$1.47 per share until June 27, 2022, at the option of the holder, and
- The Company may accelerate the expiry date of the common share purchase warrants with not less than 30 days’ notice, should the daily volume weighted average trading price of the outstanding common shares of the Company on the TSX be greater than \$3.10 for 20 consecutive trading days.

During 2019, Debenture holders converted \$2,900 debentures to common shares. Accordingly, the remaining principal balance to be paid upon maturity is \$37,350.

During the three months ended March 31, 2022, Debenture holders converted \$301 debentures to 204,751 common shares. Accordingly, the remaining principal balance to be paid upon maturity is \$37,049.

On June 23, 2022, the Company amended key commercial terms of its unsecured convertible debenture (Debenture Amendments), maturing June 27, 2022. The amendment includes, among other things, exchanging the current convertible debentures for new convertible debentures with maturities in two, four and six years. The interest rate remains the same at 8.5%, with payment in kind with additional new convertible debentures and a reduction in the conversion price from \$1.47 to \$0.25 for the debentures expiring in 2024, \$0.30 for the debentures expiring in 2026, and \$0.35 for the debentures expiring in 2028.

The Debenture Amendments were effected by the exchange of the outstanding \$37,049 principal amount of unsecured convertible debentures for new, secured convertible debentures, which were issued to existing debenture holders in three equal, separate series (each, a “Series”): (a) 8.50% Series A Secured Debentures Due June 30, 2024 (the “**Series A Debentures**”), (b) 8.50% Series B Secured Debentures Due June 30, 2026 (the “**Series B Debentures**”), and (c) 8.50% Series C Secured Convertible Debentures Due June 30, 2028 (the “**Series C Debentures**” and, collectively with the Series A Debentures and the Series B Debentures, the “**New Debentures**”).

The interest rate remains at 8.5%, with no mandatory cash interest payment for either 24 and 30 months depending on the length of the term, as interest will be paid-in-kind with additional New Debentures (the “**PIK Interest**”) during these periods.

In addition, \$2,387 principal amount of Series C Debentures were issued as consideration for the consent fee payable to debenture holders who consented in favour of the extraordinary resolution approving the Debenture Amendments.

Following the closing of the Debenture Amendments, the following New Debentures are issued and outstanding on the following terms:

New Debenture	Initial Principal Amount	Maturity Date	Conversion Price
Series A Debentures	\$12,350	June 30, 2024	\$0.25
Series B Debentures	\$12,350	June 30, 2026	\$0.30
Series C Debentures	\$14,736	June 30, 2028	\$0.35

The New Debentures are secured against certain assets of the Company and are fully subordinated to the Company's existing credit facilities. The Company is not permitted to incur further senior secured indebtedness, subject to certain exceptions, including to fund working capital, capital expenditures, and acquisitions.

The below table summarizes the changes in the total consolidated convertible debentures.

	\$
Balance, March 31, 2022	36,401
Interest accretion	4,076
Conversion into equity	(301)
Derecognition of June 2019 Convertible Debenture	(40,175)
Transaction costs	(636)
Issuance of New Debentures	24,128
Balance, June 30, 2022	23,493
Interest accretion	2,423
Balance December 31, 2022	25,916

The modifications to the June 2019 Convertible Debenture were determined to be substantial and therefore accounted for as an extinguishment.

The liability component of the New Debentures is recorded at the present value of the future interest and principal payments using the discount rate of 19.5%. The equity component represents the residual amount attributed to the Company's liability to equity conversion option amounting to \$16,047 and is recorded in the contributed surplus in the interim condensed consolidated statements of financial position.

Note 10 Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and Outstanding

As at December 31, 2022, there were 403,061,914 common shares issued and outstanding.

During the nine months ended December 31, 2022, the Company issued 68,151,515 common shares at a price of \$0.0825 plus 3,407,500 common shares as finder's fee, pursuant to the private placement dated June 24, 2022, resulting in net proceeds of \$5,623. Each common share also has one half of one common share purchase warrant (refer to "**warrant**" section below).

During the nine months ended December 31, 2021, the Company issued 231,500 common shares at an average

price per share of \$0.41, for gross proceeds of \$95 under its at-the-market equity program.

Stock Options

The Company has adopted a stock option plan (the “**Plan**”), providing the Board of Directors with the discretion to issue an equivalent number of options of up to 20% of the issued and outstanding share capital. Stock options are granted with an exercise price of not less than the closing share price of the day preceding the date of grant.

The total stock option expense recognized as share-based compensation expense for the nine months ended December 31, 2022 was \$1,721 (nine months ended December 31, 2021 – \$2,014).

The following table summarizes information relating to outstanding and exercisable stock options as at December 31, 2022:

	Options	Weighted average exercise price
	#	\$
Balance, March 31, 2022	30,335,946	0.88
Granted	28,904,000	0.09
Forfeited/cancelled	(5,323,175)	0.34
Expired	(250,000)	0.56
Balance, December 31, 2022	53,666,771	0.51
Vested	34,327,271	0.74
Unvested	19,339,500	0.10
Balance, December 31, 2022	53,666,771	0.51

The fair values of the stock options granted during the nine months ended December 31, 2022, were estimated using the Black-Scholes option pricing model with following weighted average assumptions:

Weighted average share price	\$0.07
Weighted average risk-free interest rate	2.87%
Weighted expected life-years	3.2 years
Weighted average expected daily volatility	87.5%
Weighted expected dividends	0.00%
Forfeiture rate	5.59%

The volatility was calculated using the historical daily trading prices over a period commensurate with the expected life.

Restricted Share Units (“RSUs”)

The Company has a restricted share unit plan (the “**RSU Plan**”). For each RSU granted under the plan, the Company recognizes an expense equal to the market value of a common share at the date of grant based on the number of RSUs expected to vest over the term of the vesting period, with a corresponding credit to equity for share-based compensation expense anticipated to be equity settled. RSUs under the RSU plan may vest immediately or become exercisable in various increments based on conditions as determined by the Board. In determining the amount of share-based compensation, the Company used the closing price of the common shares on the RSU grant date.

During the nine months ended December 31, 2022, 2,000,000 RSUs were granted (nine months December 31, 2021 – 1,274,000). The total RSU expense recognized as share-based compensation expense for the nine months

ended December 31, 2022 was \$362 (nine months December 31, 2021 – \$238).

A summary of the RSUs granted and outstanding as at December 31, 2022, is as follows:

	#
Balance, March 31, 2022	717,917
Granted	2,000,000
Exercised/released	(436,917)
Cancelled/forfeited	(127,500)
Balance, December 31, 2022	2,153,500

There are no RSU's exercisable as they are issued as common shares upon vesting.

Deferred Share Unit Plan for Directors

At the Company's annual general meeting on June 30, 2020, shareholders passed a resolution approving the Company's deferred share unit plan (the "DSU Plan"), which was implemented during the year ended December 31, 2020.

The purpose of the DSU Plan is to promote a greater alignment of long-term interests between eligible participants (being non-executive directors only) and the Company and its shareholders, to provide a compensation system for non-employee directors that, together with other director compensation, is reflective of the responsibility, commitment and risk accompanying membership on the Board and the performance of the duties required of the various committees of the Board. The deferred share units are settled in shares.

A summary of the DSUs granted and outstanding as at December 31, 2022 is as follows:

	#
Balance, March 31, 2022	2,030,003
Granted	5,163,027
Balance, December 31, 2022	7,193,030

There are no DSU's exercisable as they are issued as common shares upon vesting.

Warrants

The Company has the following warrants outstanding:

	Warrants outstanding #	Weighted average exercise price \$
Balance, March 31, 2022	56,155,432	1.19
Issued	34,075,758	0.10
Expired	(30,960,932)	1.45
Outstanding and exercisable, December 31, 2022	59,270,258	0.40

In conjunction with the issuance of common shares under the private placement, each holder received one half of one common share purchase warrant. A total of 34,075,758 were issued with an exercise price of \$0.1025, expiring June 24, 2026. The expiry date may be accelerated by the Company at any time and upon 30 days' notice if the closing price of the common shares on the Toronto Stock Exchange is greater than \$0.165 for any 10 consecutive

trading day after the four month lock up period and prior to the expiry of the warrants.

The remaining outstanding and exercisable warrants expire between March 9, 2023 and June 24, 2026.

Note 11 Expenses by Nature

The consolidated statements of profit (loss) and comprehensive profit (loss) include the following expenses by nature for the nine months ended:

	December 31, 2022	December 31, 2021
	\$	\$
Salaries, bonuses and benefits	11,802	17,098
Share-based compensation	2,083	2,252
Termination benefits and severance costs	1,139	498
Total	15,024	19,848

Salaries, bonuses and benefits relating to manufacturing and production facilities are capitalized to inventory and then expensed to cost of sales upon the sale of goods. During the nine months December 31, 2022, the Company recognized salaries, bonuses and benefits of \$11,802 (nine months December 31, 2021 – \$17,098), of which \$5,169 (nine months December 31, 2021 – \$6,227) was included in cost of sales and \$6,633 (nine months December 31, 2021 – \$10,871) was included in operating expenses.

Note 12 Key Management Compensation

Key management includes directors and key executives of the Company.

During the nine months December 31, 2022 and 2021, the Company had the following transactions with the officers and directors of the Company:

	December 31, 2022	December 31, 2021
	\$	\$
Wages and benefits: Management	1,037	1,468
Share based compensation: Directors	308	529
Share based compensation: Management	694	894
	2,039	2,891

Note 13 Loss per Share

Loss per common share is calculated using the weighted average number of common shares outstanding. The weighted average number of shares outstanding for the three and nine months December 31, 2022 was 403,061,914 and 381,042,259 respectively (three and nine months December 31, 2021 – 331,029,471 and 330,807,544 respectively).

Diluted income per common share is calculated using the weighted average number of common shares outstanding taking into consideration the weighted average impact of dilutive securities. All of the Company's potentially dilutive securities are anti-diluted during the periods presented due to losses incurred.

Note 14 Management of Capital

The Company's objectives when managing capital are to sustain a sufficient capital base to maintain investor,

creditor, supplier, and customer confidence and to sustain the future development of the business. The Company does not have any externally imposed capital requirements to which it is subject.

The Company defines capital as the aggregate of its shareholders' equity, credit facilities, lease liabilities, promissory note, and convertible debt. The Company manages the capital structure and adjusts it to reflect changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash. In the current period, the Company manages its capital with a heightened focus on maintaining and improving its liquidity. During nine months December 31, 2022, there has been no other significant changes to the management of capital.

Note 15 Financial Instruments and Financial Risks

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, restricted cash, marketable securities, trade and other receivables, investments, accounts payable, lease liability, promissory note, and convertible debt. The following table summarizes the carrying values of the Company's financial instruments by measurement category:

	December 31, 2022	March 31, 2022
	\$	\$
Fair value through profit and loss (cash, restricted cash, investments, and marketable securities)	3,047	5,150
Assets, amortized cost (trade receivables)	6,395	7,751
Liabilities, amortized cost (accounts payable, net tax payable, lease liability, credit facilities, promissory note and convertible debt)	61,611	79,903

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
- Level 3 - Inputs that are not based on observable market data

The following table sets out for the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as at December 31, 2022 and March 31, 2022:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	434	-	-	434
Restricted cash	168	-	-	168
Marketable securities	49	-	-	49
Investments	-	-	2,396	2,396
Total, December 31, 2022	651	-	2,396	3,047

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	1,347	-	-	1,347
Restricted cash	222	-	-	222
Marketable securities	1,190	-	-	1,190
Investments	-	-	2,391	2,391
Total, March 31, 2022	2,759	-	2,391	5,150

The carrying value of trade receivables, accounts payable and net tax payable are a reasonable approximation of their fair value due to their short-term nature. The carrying value of lease liability, credit facilities, promissory note and convertible debt are a reasonable approximation of their value based on market interest rates for similar instruments as at December 31, 2022.

Risk Management

Effective risk management is fundamental to the success of the organization and is recognized as key in the Company's overall approach to strategy management. The Company has a strong, disciplined risk culture where managing risk is a responsibility shared by all of the company's employees.

The primary goals of the risk management are to ensure that the outcomes of risk-taking activities are consistent with the Company's strategies and the risk appetite and that there is an appropriate balance between risk and reward in order to maximize shareholder value.

The Company has identified the below potential risk categories:

a) Currency risk

The Company's revenues and expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary assets or liabilities and has few transactions denominated in a currency other than Canadian dollars. During the nine months December 31, 2022, there has been no change to the management of this risk.

b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits, the variable rate of interest applicable to the \$12,000 term facility, and the drawn amount on the revolving facility. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term in nature. The interest rate risk on convertible debt is insignificant due to the fixed rate of interest on convertible debt. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company monitors interest rates and may enter into derivative instruments to hedge interest rate risk should it deem it economically efficient.

c) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash, trade and other receivables and marketable securities. The risk exposure is limited to their carrying values reflected on the consolidated statements of financial position. To minimize the credit risk the Company places these instruments with a high-quality financial institution. There are no expected credit losses with respect to cash and as the Company does not invest in asset backed investments. To manage and mitigate credit risk in respect of trade receivables, the Company has the option in certain cases to receive product in kind.

For the nine months December 31, 2022, the expected credit losses of trade and other accounts receivables was assessed based on the expected loss model in compliance with IFRS 9. Individual receivables that were known to have incurred credit losses are written off by reducing the carrying amount directly, and this is reevaluated and subject to change as the Company reevaluates its credit risk exposure. Pursuant to their collective terms, trade accounts receivable, were aged as follows:

	December 31, 2022	March 31, 2022
	\$	\$
Current	4,108	6,363
0 – 30 days past due	301	250
31 – 60 days past due	128	95
61 – 90 days past due	-	69
90 + days past due	1,738	1,176
Provision for credit losses	(654)	(654)
Other receivables	774	452
Total	6,395	7,751

The standard payment terms applicable to most customers are between 30 – 60 days upon receipt of goods. There is negligible credit risk with respect to other receivables, as they primarily originate from government agencies, national insurance companies and a credit card company.

The Company has concentration risk, as approximately 89% (March 31, 2022 – 76%) of total revenue came from three (March 31, 2022 – three) customers and approximately 68% (March 31, 2022 – 79%) of total trade accounts receivable is due from four (March 31, 2022 – three) customers.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has experienced recurring losses and has a cumulative deficit of \$515,760. For the nine months ended December 31, 2022, cash flow from operations is negative. Refer to note 2, Going Concern.

As at December 31, 2022, the Company has total current assets of \$32,205 (March 31, 2022 – \$36,835) and total current liabilities of \$33,205 (March 31, 2022 – \$72,995), providing for net current liability of \$1,000 (March 31, 2022 – net current liability of \$36,160). The significant change during the nine months December 31, 2022 is a result of the extinguishment of the June 2019 Convertible Debenture.

The Company has the following undiscounted future payments for convertible debenture, credit facilities, lease obligations, loan payable, and purchase commitments as at December 31, 2022:

	within 1 year	2 years	3 years	4 years	5 years and thereafter
	\$	\$	\$	\$	\$
Convertible debenture	-	12,015	-	8,467	6,017
Credit facilities	17,597	-	-	-	-
Lease obligations	670	863	411	11	2
Promissory note	-	1,000	-	-	-
Purchase commitments	952	-	-	-	-
Total	19,219	13,878	411	8,478	6,019

Note 16 Commitments and Contingencies

In the ordinary course of business, from time to time, the Company may be involved in various claims related to its commercial and/or corporate activities. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these consolidated financial statements.

Certain of Emblem Corp.'s former executives have been named in a claim commenced March 20, 2015, in the Ontario Superior Court of Justice that also identifies Emblem Corp. and Emblem in relation to certain services provided to the parties by an individual. The plaintiff has claimed \$10,000 in damages. The claim is being contested and is expected to proceed to trial circa 2024 if an early settlement is not achieved. The outcome of this legal matter is subject to negotiations by the officers of the Company and the Company believes it is unlikely to be impacted and accordingly, no amount has been provided for. A separate claim was also initiated by Amos Tayts on March 22, 2019, in the Ontario Superior Court of Justice against Emblem and Emblem Corp. arising out of the same facts and seeking the same damages. It is also being contested.

On June 16, 2020, a class-action lawsuit was issued in Calgary, Alberta by Lisa Marie Langevin as the proposed representative plaintiff. The claim has been filed against most of the cannabis manufacturers in Canada and includes, among the many defendants, Emblem Corp. and Aleafia Health. The claim alleges that the THC and CBD levels in the products manufactured and/or sold by the defendants differed from what was represented on packaging, specifically alleging that THC and CBD levels were found to be significantly higher than indicated in some products while others may have had significantly lower levels. The action is seeking \$500,000 (or such other amount as may be proven at trial) for all Canadians who purchased medicinal cannabis products on or after June 16, 2010, as well as Canadians who legally purchased cannabis for recreational purposes on or after October 17, 2018. The claim also seeks \$5,000 in punitive damages. Ms. Langevin has not alleged that she ever purchased product from Emblem or Aleafia Health. The case is at its earliest stages. The Company believes it has good defenses to the claim and intends to vigorously defend the claim. Accordingly, at this stage no amount has been provided for in the consolidated statements of financial position in respect of this claim.

On February 8, 2023, the Company received a letter from the Canada Revenue Agency ("CRA") with respect to Emblem Cannabis Corporation's previously filed Canada Emergency Wage Subsidy ("CEWS") for the period between March 15, 2020 and March 13, 2021. The CRA has audited said periods for Emblem Cannabis Corporation and has proposed a reduction to the CEWS funds provided in the amount of \$3.2 million. The Company is actively reviewing the CRA's findings. Based on the Company's records and external advice, it remains of the belief that it is owed the full amount of the previously claimed and received CEWS funds. The Company is currently in the process of filing an objection to dispute the claim. At this time, it is not possible to conclude on the exact amount of the disallowed claims (if any). As such, the Company has not accrued for any

potential disallowed CEWS claims in the period. The Company will continue to assess the matter as the dispute resolution progresses.

Note 17 Restatement of Corresponding Amounts

The Company has restated its consolidated statements of financial position as at December 31, 2020 and its consolidated statements of profit (loss) and comprehensive profit (loss), consolidated statement of changes in shareholders' equity and consolidated statements of cash flows for the year ended December 31, 2020. In the course of preparing the Company's consolidated financial statements for the year ended March 31, 2022, a misinterpretation was discovered involving two non-recurring transactions in the bulk wholesale sales channel recorded in the quarters ended June 30, 2020 and September 30, 2020.

In the three months ended June 30 and September 30, 2020, the Company recorded net revenue of \$6,163 and \$2,104, respectively. Both of these non-recurring transactions in the bulk wholesale sales channel were to one customer. These transactions provided the wholesale customer with extended payment terms which were initiated upon shipment to the customer. Some products which were shipped to the customer were later returned to the Company. No payment to date has been received by the Company for either of these two non-recurring transactions.

As a result of the aforementioned, the restatement impacts the bad debt expense subsequently recorded during the nine months ended December 31, 2021 amounting to \$7,855. The following tables present the impact of the restatement adjustments on the Company's previously reported unaudited interim condensed consolidated financial statements as at and for the nine months ended December 31, 2021. The "Restated" columns for 2021 reflect final adjusted balances after the restatement.

	December 31, 2021	December 31, 2021	December 31, 2021
	As presented	Adjustments	Restated
	\$	\$	\$
Consolidated Statement of Profit (Loss) and Comprehensive Profit (Loss)			
Bad debt expense	9,386	(7,855)	1,543
Net profit (loss) and comprehensive profit (loss)	(154,467)	7,855	(146,612)
Profit (loss) per share, basic and diluted	(0.46)	(0.02)	(0.44)
Consolidated Statement of Changes in Shareholders' Equity			
Balances, March 30, 2021	165,958	(8,267)	157,691
Net profit (loss) for the period	(154,467)	7,855	(146,612)
Consolidated Statement of Cash Flows			
Net profit (loss) for the period	(154,467)	7,855	(146,612)
Adjustments for non-cash items:			
Bad debt expense	9,386	(7,855)	1,543
Changes in operating working capital:			
Trade and other receivables	(14,878)	(1,075)	(15,953)
Net tax payable (receivable)	589	1,075	486

Note 18 Assets and Liabilities Held for Sale

The Grimsby greenhouse facility was wound down during the quarter and the land and building became available for sale. The facility is actively being marketed and readily available for sale. The sale of the facility is considered probable as multiple proposals have been put forth to the Company. The sale of the Grimsby greenhouse facility is expected to occur this quarter.

The Company determined that a portion of the carrying amount of its Grimsby greenhouse facility, which is classified as held for sale, was no longer recoverable. As a result of this review, the Company recognized an impairment loss of \$3,578 in the statement of profit or loss.

The following table presents the major classes of assets and liabilities related to the operations of the Grimsby greenhouse:

	December 31, 2022
Land	1,051
Building	10,949
Assets held for sale	12,000
Credit facility	4,375
Liabilities held for sale	4,375

This is Exhibit "HH" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

Aleafia Health Inc.
Condensed Consolidated Statements of Financial Position
As at June 30, 2023

	June 30, 2023
ASSETS	
Current	
Cash	593
Restricted cash	121
Trade and other receivables, net	4,504
Marketable securities	70
Prepays and deposits	2,972
Inventory, net	13,291
Biological assets	3,344
	24,895
Assets held for sale	10,000
Non-current	
Property, plant, and equipment, net	18,526
Right-of-use assets	50
Investments	2,392
	20,968
TOTAL ASSETS	55,864
LIABILITIES	
Current	
Accounts payable and accrued liabilities	11,647
Net tax payable	9,846
Loan payable	4,681
Lease liability - current	8
Credit facility - current	15,325
	41,507
Liabilities held for sale	4,375
Non-current	
Lease liability	49
Convertible debt	28,500
	28,549
TOTAL LIABILITIES	74,432
SHAREHOLDERS' EQUITY	
Share capital	408,703
Contributed surplus	110,436
Deficit	(537,708)
	(18,569)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	55,864

Aleafia Health Inc.
Condensed Consolidated Statements of Profit or Loss and Comprehensive Income
For the three months ended Jun 30, 2023

	Q1 2024 Jun 2023
Revenue	8,190
Excise taxes	(1,609)
Net revenue	6,581
Cost of sales	4,377
Gross profit before fair value adjustment and inventory provision	2,203
Fair value changes in biological assets	51
Inventory provision	(2,852)
Gross profit	(598)
Operating expenses	
Selling, general and administrative expenses	4,026
Depreciation expenses	448
Share-based compensation expense	242
Restructuring costs	1,238
Business transaction costs	97
Bad debt expense	100
	6,151
Other expenses (income)	
Interest expense, net	2,635
Loss (gain) on marketable securities	0
Loss (gain) on sale of assets	0
Loss (gain) on extinguishment	(543)
Non-current asset impairment	1,056
Other non-operating expense (income)	
	3,148
Current income tax expense (recovery)	0
Deferred income tax recovery	0
Net income (loss) and comprehensive income (loss)	(9,898)

Net loss per share, basic and diluted (**\$0.03**)
Weighted average common shares outstanding \$386,358,769

This is Exhibit "II" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

**Personal Property Registry
Search Results Report**

Page 1 of 1

Search ID #: Z16353316

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 118-308357-TDOLNY

Search ID #: Z16353316

Date of Search: 2023-Jul-13

Time of Search: 10:42:40

Business Debtor Search For:

2672533 ONTARIO INC.

No Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

Result Complete



Business Debtor - "2672533 ONTARIO INC."

Search Date and Time: July 13, 2023 at 9:41:04 am Pacific time
Account Name: Not available.
Folio Number: 118-308357-TDOLNY

NIL RESULT

0 Matches in 0 Registrations in Report

Exact Matches: 0 (*)

Total Search Report Pages: 0

The search returned a NIL result. 0 registrations were found.

No registered liens or encumbrances have been found on file that match EXACTLY to the search criteria listed above and no similar matches to the criteria have been found.



Business Debtor

Search by Business Debtor

Date: 2023-07-13
Time: 12:33:25 PM
Transaction Number: 10269642398

Business Name: 2672533 ONTARIO INC.

0 exact matches were found.

0 similar matches were found.

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: New Brunswick
Type of Search: Debtors (Enterprise)
Search Criteria: 2672533 ONTARIO INC.
Date and Time of Search (YYYY-MM-DD hh:mm): 2023-07-13 13:47 (Atlantic)
Transaction Number: 24564172
Searched By: W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
	*	33379520	2677253 Ontario Inc.	Brampton

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 1 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 33379520

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	33379520	2020-03-03 10:59	2026-03-03	AVS13042208
Amendment	36138170	2021-11-24 17:52	2026-03-03	AVS13042208
Amendment	36327385	2022-01-11 20:27	2026-03-03	AVS13042208

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Individual
Singh, Harpreet
14 Dehaviland Cres
Brampton ON L6X0L9
Canada
Date of Birth (YYYY-MM-DD): 1988-02-16

The Debtor below was added by registration number 36327385

Type: Individual
Singh, Mandeep
71 Ashton Cres
Brampton ON L6S3J9
Canada
Date of Birth (YYYY-MM-DD): 1985-01-03

Type: Enterprise
11149512 Canada Inc.
14 Dehaviland Cres
Brampton ON L6X0L9
Canada

The Debtor below was added by registration number 36138170

Type: Enterprise
Rebma Transport Inc.
14 Dehaviland Cres
Brampton ON L6X0L9
Canada

The Debtor below was added by registration number 36327385

Type: Enterprise
2677253 Ontario Inc.
71 Ashton Cres
Brampton ON L6S3J9
Canada

Secured Parties

Type: Enterprise
Equirex, a division of Bennington Financial Corp.
101-1465 North Service Rd E
Oakville ON L6H1A7
Canada

General Collateral

PURSUANT TO LEASE AGREEMENT 20003361, ALL PRESENT AND FUTURE EQUIPMENT ENCOMPASSED BY LEASE AGREEMENT 20003361 TOGETHER WITH ALL ATTACHMENTS ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS OF EVERY TYPE, ITEM OR KIND IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH COLLATERAL INCLUDING WITHOUT LIMITATION TRADE-INS, EQUIPMENT, INVENTORY, GOODS, NOTES, CHATTEL PAPER, CONTRACT RIGHTS, ACCOUNTS, RENTAL PAYMENTS, SECURITIES, INTANGIBLES, DOCUMENTS OF TITLE AND MONEY AND ALL PROCEEDS OF PROCEEDS AND A RIGHT TO ANY INSURANCE PAYMENT AND ANY OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR THE PROCEEDS OF THE COLLATERAL INCLUDING BUT NOT LIMITED TO THE FOLLOWING 1 2015 MACK CXU613 TRUCK

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1M1AW07Y6FM046061	Motor Vehicle	2015 MACK CXU613	33379520	

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Newfoundland and Labrador
Type of Search:	Debtors (Enterprise)
Search Criteria:	2672533 ONTARIO INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-13 13:48 (Atlantic)
Transaction Number:	24564180
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Nova Scotia
Type of Search:	Debtors (Enterprise)
Search Criteria:	2672533 ONTARIO INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-13 13:47 (Atlantic)
Transaction Number:	24564168
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Northwest Territories
Type of Search:	Debtors (Enterprise)
Search Criteria:	2672533 ONTARIO INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-13 13:50 (Atlantic)
Transaction Number:	24564197
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Nunavut
Type of Search:	Debtors (Enterprise)
Search Criteria:	2672533 ONTARIO INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-13 13:49 (Atlantic)
Transaction Number:	24564192
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713124027.64

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(2537)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

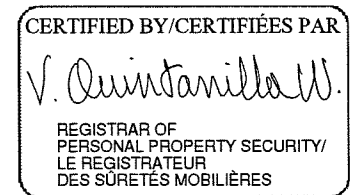
SEARCH CONDUCTED ON : 2672533 ONTARIO INC.

FILE CURRENCY : 12JUL 2023

ENQUIRY NUMBER 20230713124027.64 CONTAINS 1 PAGE(S), 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

AIRD & BERLIS LLP
ATTN: SHANNON MORRIS
HOLD FOR PICK UP
TORONTO ON M5J2T9



(crfj6 05/2022)

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Prince Edward Island
Type of Search:	Debtors (Enterprise)
Search Criteria:	2672533 ONTARIO INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-13 13:49 (Atlantic)
Transaction Number:	24564186
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

Date, heure, minute de certification : **2023-07-12 15:00**

Critère de recherche Nom d'organisme : **2672533 ONTARIO INC.**

Résultat exact (0)

Aucun droit n'est inscrit au registre sous le nom consulté. Pour une recherche complète, il est recommandé de consulter aussi les résultats apparaissant sous l'onglet « Nom présentant des similarités », s'il y a lieu.

Date, heure, minute de certification : **2023-07-12 15:00**

Critère de recherche Nom d'organisme : **2672533 ONTARIO INC.**

Nom présentant des similarités (0)

Aucune fiche nominative n'est établie au registre sous un nom présentant des similarités avec le nom consulté. La recherche peut ne pas être exhaustive.



Saskatchewan Personal Property Registry Search Result

Searching Party: PPSA Canada Inc.
Search Date: 13-Jul-2023 12:02:30
Search Type: Standard

Search #: 204184799
Client Reference: 118-308357-TDOLNY
Control #:

Search Criteria

Search By: Business Debtor Name

Business Name

2672533 ONTARIO INC.

There are no registration(s) found in the Saskatchewan Personal Property Registry to match the search criteria entered.

End of Search Result

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Yukon
Type of Search:	Debtors (Enterprise)
Search Criteria:	2672533 ONTARIO INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-13 13:45 (Atlantic)
Transaction Number:	24564163
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
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An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

**Personal Property Registry
Search Results Report**

Page 1 of 1

Search ID #: Z16353323

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 118-308357-TDOLNY

Search ID #: Z16353323

Date of Search: 2023-Jul-13

Time of Search: 10:43:37

Business Debtor Search For:

2676063 ONTARIO INC.

No Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

Result Complete



Business Debtor - "2676063 ONTARIO INC."

Search Date and Time: July 13, 2023 at 9:41:40 am Pacific time
Account Name: Not available.
Folio Number: 118-308357-TDOLNY

NO REGISTRATIONS SELECTED

0 Matches in 0 Registrations in Report

Exact Matches: 0 (*)

Total Search Report Pages: 0

No registered liens or encumbrances have been found on file that match EXACTLY to the search criteria listed above and no similar matches to the criteria have been selected by the searching party.



Business Debtor

Search by Business Debtor

Date: 2023-07-13

Time: 12:34:36 PM

Transaction Number: 10269642433

Business Name: 2676063 ONTARIO INC.

0 exact matches were found.

0 similar matches were found.

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	New Brunswick
Type of Search:	Debtors (Enterprise)
Search Criteria:	2676063 ONTARIO INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-13 13:51 (Atlantic)
Transaction Number:	24564217
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Newfoundland and Labrador
Type of Search:	Debtors (Enterprise)
Search Criteria:	2676063 ONTARIO INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-13 13:52 (Atlantic)
Transaction Number:	24564229
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Nova Scotia
Type of Search:	Debtors (Enterprise)
Search Criteria:	2676063 ONTARIO INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-13 13:51 (Atlantic)
Transaction Number:	24564208
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Northwest Territories
Type of Search:	Debtors (Enterprise)
Search Criteria:	2676063 ONTARIO INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-13 13:54 (Atlantic)
Transaction Number:	24564265
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Nunavut
Type of Search:	Debtors (Enterprise)
Search Criteria:	2676063 ONTARIO INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-13 13:53 (Atlantic)
Transaction Number:	24564253
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713124036.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(2538)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

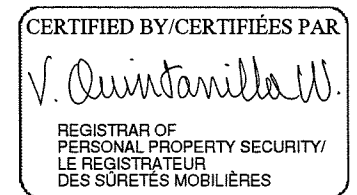
SEARCH CONDUCTED ON : 2676063 ONTARIO INC.

FILE CURRENCY : 12JUL 2023

ENQUIRY NUMBER 20230713124036.28 CONTAINS 1 PAGE(S), 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

AIRD & BERLIS LLP
ATTN: SHANNON MORRIS
HOLD FOR PICK UP
TORONTO ON M5J2T9



(crf6 05/2022)

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Prince Edward Island
Type of Search:	Debtors (Enterprise)
Search Criteria:	2676063 ONTARIO INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-13 13:53 (Atlantic)
Transaction Number:	24564241
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

Date, heure, minute de certification : **2023-07-12 15:00**

Critère de recherche Nom d'organisme : **2676063 ONTARIO INC.**

Résultat exact (0)

Aucun droit n'est inscrit au registre sous le nom consulté. Pour une recherche complète, il est recommandé de consulter aussi les résultats apparaissant sous l'onglet « Nom présentant des similarités », s'il y a lieu.

Date, heure, minute de certification : **2023-07-12 15:00**

Critère de recherche Nom d'organisme : **2676063 ONTARIO INC.**

Nom présentant des similarités (0)

Aucune fiche nominative n'est établie au registre sous un nom présentant des similarités avec le nom consulté. La recherche peut ne pas être exhaustive.



Saskatchewan Personal Property Registry Search Result

Searching Party: PPSA Canada Inc.
Search Date: 13-Jul-2023 12:02:52
Search Type: Standard

Search #: 204184800
Client Reference: 118-308357-TDOLNY
Control #:

Search Criteria

Search By: Business Debtor Name

Business Name

2676063 ONTARIO INC.

There are no registration(s) found in the Saskatchewan Personal Property Registry to match the search criteria entered.

End of Search Result

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Yukon
Type of Search:	Debtors (Enterprise)
Search Criteria:	2676063 ONTARIO INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-13 13:46 (Atlantic)
Transaction Number:	24564166
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713124006.39

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(2535)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : ALEAFIA BRANDS INC.

FILE CURRENCY : 12JUL 2023

ENQUIRY NUMBER 20230713124006.39 CONTAINS 1 PAGE(S), 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

AIRD & BERLIS LLP
ATTN: SHANNON MORRIS
HOLD FOR PICK UP
TORONTO ON M5J2T9



(crfj6 05/2022)

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: Newfoundland and Labrador
Type of Search: Debtors (Enterprise)
Search Criteria: ALEAFIA FARMS INC.
Date and Time of Search (YYYY-MM-DD hh:mm): 2023-07-14 10:48 (Atlantic)
Transaction Number: 24567284
Searched By: W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
*	*	19513423	ALEAFIA FARMS INC.	CONCORD

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 1 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 19513423

Province or Territory: Newfoundland and Labrador
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	19513423	2021-12-23 11:12	2026-12-23	372471876
Amendment	20869350	2023-06-13 13:24	2026-12-23	372471876

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALEAFIA HEALTH INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CANNABIS CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA FARMS INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CORP.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
CANABO MEDICAL CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Secured Parties

The Secured Party below was deleted by registration number 20869350

Type: Enterprise
~~NE SPC II LP
G/O NEXT EDGE CAPITAL
1 TORONTO STREET
SUITE 200
TORONTO ON M5C 2V6
Canada~~

The Secured Party below was added by registration number 20869350

Type: Enterprise
Red White & Bloom Brands Inc.
789 WEST PENDER STREET
SUITE 810
VANCOUVER BC V6C 1H2
Canada

General Collateral

a security interest is taken in all of the debtor's present and after-acquired personal property

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: Nova Scotia
Type of Search: Debtors (Enterprise)
Search Criteria: ALEAFIA FARMS INC.
Date and Time of Search (YYYY-MM-DD hh:mm): 2023-07-14 10:45 (Atlantic)
Transaction Number: 24567272
Searched By: W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
*	*	35605963	ALEAFIA FARMS INC.	CONCORD

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 1 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 35605963

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	35605963	2021-12-23 11:10	2026-12-23	372472576
Amendment	37992005	2023-06-13 13:29	2026-12-23	372472576

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALEAFIA HEALTH INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CANNABIS CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA FARMS INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CORP.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
CANABO MEDICAL CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Secured Parties

The Secured Party below was deleted by registration number 37992005

Type: Enterprise
~~NE SPC II LP
G/O NEXT EDGE CAPITAL
1 TORONTO STREET
SUITE 200
TORONTO ON M5C 2V6
Canada~~

The Secured Party below was added by registration number 37992005

Type: Enterprise
Red White & Bloom Brands Inc.
789 WEST PENDER STREET
SUITE 810
VANCOUVER BC V6C 1H2
Canada

General Collateral

a security interest is taken in all of the debtor's present and after-acquired personal property

END OF REPORT

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(2507)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

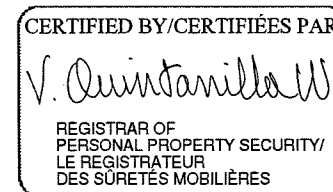
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.

FILE CURRENCY : 12JUL 2023

ENQUIRY NUMBER 20230713123943.10 CONTAINS 21 PAGE(S), 7 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

AIRD & BERLIS LLP
ATTN: SHANNON MORRIS
HOLD FOR PICK UP
TORONTO ON M5J2T9



(crj6 05/2022)

CONTINUED... 2



RUN NUMBER : 194
 RUN DATE : 2023/07/13
 ID : 20230713123943.10

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 2
 (2508)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
 FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
 785999808

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20220822 1147 1793 6268	P PPSA	5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME ALEAFIA FARMS INC.
 04 ADDRESS 85 BASALTIC ROAD CONCORD ON L4K1G4
 ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME
 07 ADDRESS
 ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT 1260356 ONTARIO LIMITED

09 ADDRESS 100 ZENWAY BOULEVARD WOODBRIDGE ON L4H2Y7

COLLATERAL CLASSIFICATION					MOTOR VEHICLE	AMOUNT	DATE OF MATURITY	NO FIXED MATURITY DATE
CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER		INCLUDED		OR	
X	X	X	X	X	X			

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT AIRD & BERLIS LLP (172723)

17 ADDRESS 181 BAY STREET, SUITE 1800 TORONTO ON M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(2509)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
784253682

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20220623 0958 1793 1948	P PPSA	10

DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR NAME
03 BUSINESS NAME ALEAFIA FARMS INC.

04 ADDRESS 85 BASALTIC ROAD CONCORD ON L4K1G4
ONTARIO CORPORATION NO.

DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR NAME
06 BUSINESS NAME
07 ADDRESS
ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT COMPUTERSHARE TRUST COMPANY OF CANADA

09 ADDRESS 100 UNIVERSITY AVE, 8TH FLOOR TORONTO ON M5J2Y1

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
X	X	X	X	X	X			

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

12 GENERAL COLLATERAL DESCRIPTION

13 REGISTERING AGENT AIRD & BERLIS LLP (172723)

14 ADDRESS 181 BAY STREET, SUITE 1800 TORONTO ON M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 4
(2510)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
779148972

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	2		20211220 1034 1590 0434	P PPSA	5

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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02 DEBTOR NAME
03 BUSINESS NAME ALEAFIA FARMS INC.

04 ADDRESS 85 BASALTIC ROAD CONCORD ON L4K 1G4
ONTARIO CORPORATION NO.

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

05 DEBTOR NAME
06 BUSINESS NAME

07 ADDRESS
ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT NE SPC II LP

09 ADDRESS C/O NEXT EDGE CAPITAL, 1 TORONTO ST., TORONTO ON M5C 2V6

COLLATERAL CLASSIFICATION

CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
	X	X	X	X	X	X			

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
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11 MOTOR VEHICLE

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT CHAITONS LLP (LL/68775)

17 ADDRESS 5000 YONGE STREET, 10TH FLOOR TORONTO ON M2N 7E9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 5
(2511)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
779148972

01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
002 2 20211220 1034 1590 0434

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME

ONTARIO CORPORATION NO.

04 ADDRESS

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT

09 ADDRESS SUITE 200

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL

14 COLLATERAL

15 DESCRIPTION

16 REGISTERING

17 AGENT

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

6

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
 RUN DATE : 2023/07/13
 ID : 20230713123943.10

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 6
 (2512)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
 FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20230607 1039 1590 6676	
21	RECORD REFERENCED	FILE NUMBER	779148972		
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED D ASSIGNMENT	RENEWAL YEARS
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME
24	DEBTOR / TRANSFEROR	BUSINESS NAME	ALEAFIA FARMS INC.		
25	OTHER CHANGE REASON / DESCRIPTION				
02/	DEBTOR / TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/		BUSINESS NAME			ONTARIO CORPORATION NO.
04/07		ADDRESS			
29	ASSIGNOR		NE SPC II LP		
08	SECURED PARTY / LIEN CLAIMANT / ASSIGNEE		RED WHITE & BLOOM BRANDS INC.		
09		ADDRESS	789 WEST PENDER STREET, SUITE 810	VANCOUVER	BC V6C 1H2
10	COLLATERAL CLASSIFICATION	CONSUMER	MOTOR VEHICLE	DATE OF MATURITY	NO FIXED OR MATURITY DATE
11	MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.	
12	GENERAL				
13	COLLATERAL DESCRIPTION				
14	REGISTERING AGENT OR SECURED PARTY / LIEN CLAIMANT	ADDRESS	GOWLING WLG (CANADA) LLP (K. SCARROW / T. DI - T1032747) 1600-1 FIRST CANADIAN PLACE 100 KING STR TORONTO		
15				ON	M5X 1G5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 7

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR
 DES SÛRETÉS MOBILIÈRES

(crj2iv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 7
(2513)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
776939868

00
01 CAUTION FILING PAGE NO. OF PAGES TOTAL MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER PERIOD REGISTRATION PERIOD
001 4 20211001 1323 9234 9060 P PPSA 3

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME ALEAFIA FARMS INC.

04 ADDRESS C/O ALEAFIA HEALTH INC., 85 BASALTIC CONCORD ON L4K 1G4
ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT 1260356 ONTARIO LIMITED
09 ADDRESS 100 ZENWAY BOULEVARD WOODBRIDGE ON L4H 2Y7

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
X X X X X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR NOW OR
14 COLLATERAL AT ANY TIME AND FROM TIME TO TIME, LOCATED AT AND USED PRIMARILY IN
15 DESCRIPTION CONNECTION WITH OR ARISING FROM THE REAL AND IMMOVEABLE PROPERTY

16 REGISTERING MCCARTHY TETRAULT LLP (E. RAFFERTY)
17 AGENT ADDRESS 5300-TORONTO DOMINION BANK TOWER TORONTO ON M5K 1E6

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 8

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
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(2514)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
776939868

CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
002 4 20211001 1323 9234 9060

DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

DEBTOR NAME BUSINESS NAME ONTARIO CORPORATION NO.
ADDRESS ROAD

DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

DEBTOR NAME BUSINESS NAME ONTARIO CORPORATION NO.
ADDRESS

SECURED PARTY / LIEN CLAIMANT
ADDRESS

COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

GENERAL MUNICIPALLY DESCRIBED AS 378 SOUTH SERVICE ROAD, GRIMSBY, ONTARIO AND
COLLATERAL LEGALLY DESCRIBED ON PIN 46033-0368 (LT) (THE "LANDS") OR WHICH
DESCRIPTION COMPRISE ANY PART THEREOF, OR WHICH IN ANY WAY RELATES TO THE

REGISTERING AGENT
ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

9

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 9
(2515)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
776939868

CAUTION PAGING TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
01 003 4 20211001 1323 9234 9060

DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
02 NAME BUSINESS NAME

03 ADDRESS ONTARIO CORPORATION NO.
04

DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 NAME BUSINESS NAME

06 ADDRESS ONTARIO CORPORATION NO.
07

SECURED PARTY /
LIEN CLAIMANT
08 ADDRESS
09

COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
10 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

MOTOR YEAR MAKE MODEL V.I.N.
11 VEHICLE
12

GENERAL DEVELOPMENT, CONSTRUCTION, USE, MANAGEMENT AND SUBDIVISION OF THE
13 COLLATERAL LANDS, BUT EXCLUDING ANY CANNABIS OR CANNABIS DERIVED PRODUCTS.
14 DESCRIPTION PROCEEDS, GOODS, INVENTORY, CHATTEL PAPER, DOCUMENTS OF TITLE,
15

REGISTERING
AGENT
16 ADDRESS
17

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 10

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 10
(2516)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
776939868

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
004 4 20211001 1323 9234 9060

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME

ONTARIO CORPORATION NO.

04 ADDRESS

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY /
LIEN CLAIMANT

09 ADDRESS

COLLATERAL CLASSIFICATION

10 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL INSTRUMENTS, MONEY, INTANGIBLES, ACCOUNTS AND INVESTMENT PROPERTY
14 COLLATERAL (ALL AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT) AND INSURANCE
15 DESCRIPTION PROCEEDS.

16 REGISTERING
AGENT

17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

11

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(cjl1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
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REPORT : PSSR060
PAGE : 11
(2517)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	
01	001	5		20220208 1145 9234 1310		
21	RECORD REFERENCED	FILE NUMBER	776939868			
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	X	CHANGE REQUIRED A AMENDMENT	RENEWAL YEARS	CORRECT PERIOD
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME		
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	ALEAFIA FARMS INC.			
25	OTHER CHANGE REASON/ DESCRIPTION	TO AMEND THE GENERAL COLLATERAL DESCRIPTION				
02/05	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
03/06	TRANSFEE	BUSINESS NAME				ONTARIO CORPORATION NO.
04/07		ADDRESS				
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE				
08		ADDRESS				
09	COLLATERAL CLASSIFICATION	CONSUMER	MOTOR VEHICLE	DATE OF MATURITY	NO FIXED MATURITY DATE	
10		GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	AMOUNT		
11	MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.	
12	GENERAL COLLATERAL DESCRIPTION	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR NOW OR AT ANY TIME AND FROM TIME TO TIME, LOCATED AT AND USED PRIMARILY IN CONNECTION WITH OR ARISING FROM THE REAL AND IMMOVEABLE PROPERTY				
13	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT	ADDRESS	MCCARTHY TETRAULT LLP (E. RAFFERTY)	5300-TORONTO DOMINION BANK TOWER	TORONTO	ON M5K 1E6

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 12

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
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REPORT : PSSR060
PAGE : 12
(2518)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	
01	002	5		20220208 1145 9234 1310		
21	RECORD REFERENCED	FILE NUMBER	776939868			
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME				
25	OTHER CHANGE					
26	REASON/ DESCRIPTION					
02/		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR/ TRANSFEREE	BUSINESS NAME				
06						ONTARIO CORPORATION NO.
04/07		ADDRESS				
29	ASSIGNOR					
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE					
09		ADDRESS				
10	COLLATERAL CLASSIFICATION					
	CONSUMER		MOTOR VEHICLE	DATE OF	NO FIXED	
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR	MATURITY DATE	
11	MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.		
13	GENERAL	MUNICIPALLY DESCRIBED AS 378 SOUTH SERVICE ROAD, GRIMSBY, ONTARIO AND				
14	COLLATERAL	LEGALLY DESCRIBED ON PIN 46033-0368(LT) AND MUNICIPALLY DESCRIBED AS				
15	DESCRIPTION	2540 REGIONAL ROAD 19, BLACKSTOCK, ONTARIO AND LEGALLY DESCRIBED ON				
16	REGISTERING AGENT OR					
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS				

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

13

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj2iv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
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REPORT : PSSR060
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(2519)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	
01	003	5		20220208 1145 9234 1310		
21	RECORD REFERENCED	FILE NUMBER	776939868			
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME				
25	OTHER CHANGE REASON/ DESCRIPTION					
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME		
05/	DEBTOR/ TRANSFEREE	BUSINESS NAME				
06						ONTARIO CORPORATION NO.
04/07		ADDRESS				
29	ASSIGNOR					
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE					
09		ADDRESS				
10	COLLATERAL CLASSIFICATION					
	CONSUMER		MOTOR VEHICLE	DATE OF	NO FIXED	
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR	MATURITY DATE	
11	MOTOR VEHICLE	YEAR MAKE	MODEL	V. I. N.		
12	GENERAL COLLATERAL DESCRIPTION	PIN 26764-0137 (LT) (COLLECTIVELY, THE "LANDS") OR WHICH COMPRISE ANY PART THEREOF, OR WHICH IN ANY WAY RELATES TO THE DEVELOPMENT, CONSTRUCTION, USE, MANAGEMENT AND SUBDIVISION OF THE LANDS, BUT				
13	REGISTERING AGENT OR SECURED PARTY/LIEN CLAIMANT	ADDRESS				

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

14

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
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REPORT : PSSR060
PAGE : 14
(2520)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	
01	004	5		20220208 1145 9234 1310		
21	RECORD REFERENCED	FILE NUMBER	776939868			
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME				
25	OTHER CHANGE REASON/ DESCRIPTION					
02/05	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
03/06	TRANSFEE	BUSINESS NAME				ONTARIO CORPORATION NO.
04/07		ADDRESS				
29	ASSIGNOR					
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE					
09		ADDRESS				
10	COLLATERAL CLASSIFICATION	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED	
		GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	AMOUNT MATURITY OR	MATURITY DATE	
11	MOTOR VEHICLE GENERAL	YEAR MAKE	MODEL	V.I.N.		
13	DESCRIPTION	EXCLUDING ANY CANNABIS OR CANNABIS DERIVED PRODUCTS.				
14	COLLATERAL	PROCEEDS, GOODS, INVENTORY, CHATTEL PAPER, DOCUMENTS OF TITLE,				
15	DESCRIPTION	INSTRUMENTS, MONEY, INTANGIBLES, ACCOUNTS AND INVESTMENT PROPERTY				
16	REGISTERING AGENT OR					
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS				

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

15

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 15
(2521)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	
01	005	5		20220208 1145 9234 1310		
21	RECORD REFERENCED	FILE NUMBER	776939868			
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME				
25	OTHER CHANGE					
26	REASON/ DESCRIPTION					
28			FIRST GIVEN NAME	INITIAL	SURNAME	
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH	BUSINESS NAME			
05						
03/						
06						ONTARIO CORPORATION NO.
04/07		ADDRESS				
29	ASSIGNOR					
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE					
09		ADDRESS				
10	COLLATERAL CLASSIFICATION					
	CONSUMER		MOTOR VEHICLE	DATE OF	NO FIXED	
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT	MATURITY OR	MATURITY DATE
11	MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.		
12	GENERAL					
13	COLLATERAL					
14	DESCRIPTION					
15	REGISTERING AGENT OR					
16	SECURED PARTY/ LIEN CLAIMANT	ADDRESS				
17						

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

16

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 16
(2522)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
772809228

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	01	001		20210526 1001 1462 7536	P PPSA	6

DEBTOR NAME	DATE OF BIRTH	BUSINESS NAME	FIRST GIVEN NAME	INITIAL	SURNAME	ONTARIO CORPORATION NO.
		ALEAFIA FARMS INC.				
		ADDRESS	2540 SHIRLEY ROAD		BLACKSTOCK	ON L0B1B0

DEBTOR NAME	DATE OF BIRTH	BUSINESS NAME	FIRST GIVEN NAME	INITIAL	SURNAME	ONTARIO CORPORATION NO.
	10OCT2000	ALEAFIA HEALTH INC.				
		ADDRESS	85 BASALTIC RD		CONCORD	ON L4K1G4

SECURED PARTY / LIEN CLAIMANT	ADDRESS	MARKHAM	ON	L3S4K4
	5900 14TH AVE			

COLLATERAL CLASSIFICATION						
CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR NO FIXED MATURITY DATE
	X		X	X	36367	X

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
	2021 KUBOTA	#MX5400HSTRC	KBUL3BHRJM8A18436

GENERAL COLLATERAL DESCRIPTION
2021 KUBOTA #MX5400HSTRC KBUL3BHRJM8A18436

REGISTERING AGENT	ADDRESS	TORONTO	ON	M2N6Y8
	303-110 SHEPPARD AVE. E.			

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 17

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 17
(2523)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
770909499

01 CAUTION PAGING TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 003 20210325 1306 1862 4166 P PPSA 6

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME ALEAFIA FARMS INC

04 ADDRESS 378 SOUTH SERVICE ROAD GRIMSBY ONTARIO CORPORATION NO.
ON L3M 5A5

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT LINDE CANADA INC.

09 ADDRESS 1 CITY CENTRE DRIVE MISSISSAUGA ON L5B 1M2

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL EQUIPMENT SUPPLIED BY THE SECURED PARTY, CONSISTING OF BULK CRYOGENIC
14 COLLATERAL STORAGE TANKS USED FOR THE STORAGE, FILLING AND DELIVERY OF
15 DESCRIPTION INDUSTRIAL AND MEDICAL GASES INCLUDING, WITHOUT LIMITATION, ARGON,

16 REGISTERING AGENT CYBERBAHN

17 ADDRESS 4610-199 BAY STREET TORONTO ON M5L 1E9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 18

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 18
(2524)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
770909499

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
002 003 20210325 1306 1862 4166

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME ONTARIO CORPORATION NO.
04 ADDRESS

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY /
09 LIEN CLAIMANT ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL HYDROGEN, CARBON DIOXIDE, NITROGEN, NITROUS OXIDE AND OXYGEN, AND
14 COLLATERAL CRYOGENIC FREEZERS, TOGETHER WITH ALL RELATED ACCESSORIES, PARTS,
15 DESCRIPTION COMPONENTS AND ATTACHMENTS AND ALL PROCEEDS OF OR RELATING TO ANY OF

16 REGISTERING
17 AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 19

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 19
(2525)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
770909499

CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
003 003 20210325 1306 1862 4166

DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

SECURED PARTY / LIEN CLAIMANT

ADDRESS

COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

GENERAL COLLATERAL DESCRIPTION THE FOREGOING AS WELL AS ALL PRESENT OR AFTER-ACQUIRED PROPERTY THAT MAY BE DERIVED FROM THE SALE OR OTHER DISPOSITION OF THE COLLATERAL DESCRIBED HEREIN.

REGISTERING AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

20

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(ej1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 20
(2526)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
770485293

01 CAUTION FILING PAGE NO. OF PAGES TOTAL 01 001 MOTOR VEHICLE SCHEDULE 20210311 1003 1462 8487 REGISTRATION NUMBER REGISTERED UNDER P PPSA REGISTRATION PERIOD 4

02 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME ALEAFIA FARMS INC.
03 ADDRESS 2540 SHIRLEY ROAD BLACKSTOCK ON L0B1B0 ONTARIO CORPORATION NO.

04 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME ALEAFIA HEALTH INC.
05 ADDRESS 85 BASALTIC RD CONCORD ON L4K1G4 ONTARIO CORPORATION NO.

06 SECURED PARTY / LIEN CLAIMANT KUBOTA CANADA LTD
07 ADDRESS 5900 14TH AVE MARKHAM ON L3S4K4

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
X X X 97989 X

11 MOTOR VEHICLE YEAR MAKE 2021 KUBOTA MODEL 1SVL97-2 V.I.N. KBCZ064CTL1M60164
12 GENERAL COLLATERAL DESCRIPTION 2021 KUBOTA 1SVL97-2 KBCZ064CTL1M60164

16 REGISTERING AGENT PPSA CANADA INC - (5156)
17 ADDRESS 303-110 SHEPPARD AVE. E. TORONTO ON M2N6Y8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 21

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123943.10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 21
(2527)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA FARMS INC.
FILE CURRENCY : 12JUL 2023

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
785999808	20220822 1147 1793 6268			
784253682	20220623 0958 1793 1948			
779148972	20211220 1034 1590 0434	20230607 1039 1590 6676		
776939868	20211001 1323 9234 9060	20220208 1145 9234 1310		
772809228	20210526 1001 1462 7536			
770909499	20210325 1306 1862 4166			
770485293	20210311 1003 1462 8487			

9 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crfj6 05/2022)

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: Newfoundland and Labrador
Type of Search: Debtors (Enterprise)
Search Criteria: ALEAFIA HEALTH INC.
Date and Time of Search (YYYY-MM-DD hh:mm): 2023-07-14 07:39 (Atlantic)
Transaction Number: 24566297
Searched By: W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
*	*	19513423	ALEAFIA HEALTH INC.	CONCORD

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 1 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 19513423

Province or Territory: Newfoundland and Labrador
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	19513423	2021-12-23 11:12	2026-12-23	372471876
Amendment	20869350	2023-06-13 13:24	2026-12-23	372471876

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALEAFIA HEALTH INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CANNABIS CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA FARMS INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CORP.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
CANABO MEDICAL CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Secured Parties

The Secured Party below was deleted by registration number 20869350

Type: Enterprise
~~NE SPC II LP
G/O NEXT EDGE CAPITAL
1 TORONTO STREET
SUITE 200
TORONTO ON M5C 2V6
Canada~~

The Secured Party below was added by registration number 20869350

Type: Enterprise
Red White & Bloom Brands Inc.
789 WEST PENDER STREET
SUITE 810
VANCOUVER BC V6C 1H2
Canada

General Collateral

a security interest is taken in all of the debtor's present and after-acquired personal property

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Nova Scotia
Type of Search:	Debtors (Enterprise)
Search Criteria:	ALEAFIA HEALTH INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-14 07:37 (Atlantic)
Transaction Number:	24566292
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
*	*	30083521	ALEAFIA HEALTH INC.	HALIFAX
*	*	35605963	ALEAFIA HEALTH INC.	CONCORD

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 2 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 30083521

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	30083521	2018-09-12 11:47	2024-09-12	14649
Amendment	30193502	2018-10-03 13:58	2024-09-12	14649
Amendment	30201677	2018-10-04 17:40	2024-09-12	14649

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

The Debtor below was deleted by registration number 30193502

Type: Enterprise
 ALEAFIA HEALTH INC.
 440 - 5591 SPRING GARDEN ROAD
 HALIFAX NS B3H1Y6
 Canada

The Debtor below was added by registration number 30193502
 The Debtor below was deleted by registration number 30201677

Type: Enterprise
 ALEAFIA INC.
 440 - 5591 SPRING GARDEN ROAD
 HALIFAX NS B3H1Y6
 Canada

The Debtor below was added by registration number 30201677

Type: Enterprise
 ALEAFIA HEALTH INC.
 440 - 5591 SPRING GARDEN ROAD
 HALIFAX NS B3H1Y6
 Canada

Secured Parties

Type: Enterprise
 INDCOM LEASING INC.
 5061 URE STREET
 OLDCASTLE ON N0R1L0
 Canada

General Collateral

ONE CANON IR ADV C3530I II WITH ALL ACCESSORIES AND ATTACHMENTS.

Registration Details for Registration Number: 35605963

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	35605963	2021-12-23 11:10	2026-12-23	372472576
Amendment	37992005	2023-06-13 13:29	2026-12-23	372472576

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is

provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALEAFIA HEALTH INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CANNABIS CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA FARMS INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CORP.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
CANABO MEDICAL CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Secured Parties

The Secured Party below was deleted by registration number 37992005

~~Type: Enterprise
NE SPC II LP
C/O NEXT EDGE CAPITAL
1 TORONTO STREET
SUITE 200
TORONTO ON M5C 2V6
Canada~~

The Secured Party below was added by registration number 37992005

Type: Enterprise
Red White & Bloom Brands Inc.
789 WEST PENDER STREET

SUITE 810
VANCOUVER BC V6C 1H2
Canada

General Collateral

a security interest is taken in all of the debtor's present and after-acquired personal property

END OF REPORT

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123852.13

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(2458)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : ALEAFIA HEALTH INC.

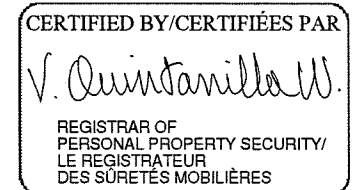
FILE CURRENCY : 12JUL 2023

JUL 14 2023

ENQUIRY NUMBER 20230713123852.13 CONTAINS 11 PAGE(S), 5 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

AIRD & BERLIS LLP
ATTN: SHANNON MORRIS
HOLD FOR PICK UP
TORONTO ON M5J2T9



(crfj6 05/2022)

CONTINUED... 2



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123852.13

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(2459)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA HEALTH INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
785999799

00
01 CAUTION PILING 001 1 TOTAL OF PAGES 1 MOTOR VEHICLE SCHEDULE 20220822 1147 1793 6267 REGISTRATION NUMBER 1147 1793 6267 REGISTERED UNDER P PPSA 5 REGISTRATION PERIOD 5

02 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME

03 ALEAFIA HEALTH INC.

04 85 BASALTIC ROAD CONCORD ONTARIO CORPORATION NO. ON L4K1G4

05 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME

06 ONTARIO CORPORATION NO.

07 ADDRESS

08 1260356 ONTARIO LIMITED

09 100 ZENWAY BOULEVARD WOODBRIDGE ON L4H2Y7

COLLATERAL CLASSIFICATION

10 CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

12

13 GENERAL COLLATERAL DESCRIPTION

14

15 REGISTERING AGENT AIRD & BERLIS LLP (172723)

17 ADDRESS 181 BAY STREET, SUITE 1800 TORONTO ON M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123852.13

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(2460)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA HEALTH INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
784254042

01 CAUTION FILING PAGE NO. TOTAL OF PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 1 20220623 0959 1793 1950 P PPSA 10

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME ALEAFIA HEALTH INC.

04 ADDRESS 85 BASALTIC ROAD CONCORD ONTARIO CORPORATION NO. ON L4K1G4

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT COMPUTERSHARE TRUST COMPANY OF CANADA

09 ADDRESS 100 UNIVERSITY AVE, 8TH FLOOR TORONTO ON M5J2Y1

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X X

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL

14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AIRD & BERLIS LLP (172723)

17 AGENT ADDRESS 181 BAY STREET, SUITE 1800 TORONTO ON M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123852.13

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 4
(2461)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA HEALTH INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
779148936

01 CAUTION FILING PAGE NO. OF PAGES TOTAL MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 2 20211220 1032 1590 0433 P PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME ALEAFIA HEALTH INC.

04 ADDRESS 85 BASALTIC ROAD CONCORD ON L4K 1G4 ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT NE SPC II LP

09 ADDRESS C/O NEXT EDGE CAPITAL, 1 TORONTO ST., TORONTO ON M5C 2V6

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X X

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT CHAITONS LLP (LL/68775)

17 ADDRESS 5000 YONGE STREET, 10TH FLOOR TORONTO ON M2N 7E9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTREUR DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123852.13

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 5
(2462)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA HEALTH INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
779148936

00
01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
002 2 20211220 1032 1590 0433

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

ONTARIO CORPORATION NO.

04 ADDRESS

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS SUITE 200

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

6

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(cij1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123852.13

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 6
(2463)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA HEALTH INC.
FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER				
01	001	1		20230607 1041 1590 6680					
21	RECORD REFERENCED	FILE NUMBER	779148936					RENEWAL YEARS	CORRECT PERIOD
22		PAGE AMENDED	NO. SPECIFIC PAGE AMENDED	CHANGE REQUIRED D ASSIGNMENT					
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME				
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	ALEAFIA HEALTH INC.						
25	OTHER CHANGE REASON/ DESCRIPTION								
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME				
03/		BUSINESS NAME							ONTARIO CORPORATION NO.
04/07		ADDRESS							
29	ASSIGNOR		NE SPC II LP						
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE		RED WHITE & BLOOM BRANDS INC.						
09		ADDRESS	789 WEST PENDER STREET, SUITE 810	VANCOUVER	BC	V6C 1H2			
10	COLLATERAL CLASSIFICATION								
	CONSUMER		MOTOR VEHICLE	DATE OF	NO. FIXED				
	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED	AMOUNT	MATURITY OR	MATURITY DATE
11	MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.				
12	GENERAL DESCRIPTION								
13	REGISTERING AGENT OR		GOWLING WLG (CANADA) LLP (K. SCARROW / T. DI - T1032747)						
14	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	1600-1 FIRST CANADIAN PLACE 100 KING STR TORONTO	ON	M5X 1G5				

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 7

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123852.13

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 7
(2464)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA HEALTH INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
755325999

01 CAUTION FILING PAGE NO. OF PAGES TOTAL MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 2 20190911 1027 1590 4916 P PPSA 10

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME ALEAFIA HEALTH INC.

04 ADDRESS 8810 JANE STREET, 2ND FLOOR VAUGHAN ON L4K 2M9 ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / BANK OF MONTREAL

09 LIEN CLAIMANT ADDRESS 100 KING STREET WEST, 18TH FLOOR TORONTO ON M5X 1A1

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL MONIES HELD ON DEPOSIT IN A SPECIFIED DEPOSIT ACCOUNT MAINTAINED BY
14 COLLATERAL THE DEBTOR WITH BANK OF MONTREAL AND TERM DEPOSIT RECEIPTS,
15 DESCRIPTION GUARANTEED INVESTMENT CERTIFICATES AND SIMILAR INSTRUMENTS ISSUED BY

16 REGISTERING DENTONS CANADA LLP (RA/JMCCLOSKEY)

17 AGENT ADDRESS 400-77 KING STREET WEST TORONTO-DOMINION TORONTO ON M5K 0A1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 8

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123852.13

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 8
(2465)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA HEALTH INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
755325999

00
01 CAUTION FILING PAGE NO. OF PAGES TOTAL REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
002 2 20190911 1027 1590 4916

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 BUSINESS NAME

ONTARIO CORPORATION NO.

04 ADDRESS

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 BUSINESS NAME

ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT

09 ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER GOODS MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR Maturity DATE NO FIXED Maturity DATE

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

13 GENERAL COLLATERAL DESCRIPTION BANK OF MONTREAL, FROM TIME TO TIME, AND ALL PROCEEDS OF THE FOREGOING.

16 REGISTERING AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

9

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123852.13

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 9
(2466)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA HEALTH INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
744424677

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20181003 1131 2203 9694 P PPSA 05

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME ALEAFIA INC.
04 ADDRESS 8810 JANE STREET VAUGHAN ONTARIO CORPORATION NO.
ON L4K 2M9

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME
07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / INDCOM LEASING INC.
09 LIEN CLAIMANT ADDRESS 5061 URE ST. OLDCASTLE ON N0R 1L0

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL ONE CANON IR ADV WITH ALL ACCESSORIES AND ATTACHMENTS
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING
17 AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 10

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123852.13

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 10
(2467)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA HEALTH INC.
FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20181004 1521 2203 9695	
21	RECORD REFERENCED	FILE NUMBER	744424677		
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED A AMENDMENT	RENEWAL YEARS CORRECT PERIOD
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	ALEAFIA INC.		
25	OTHER CHANGE REASON/ DESCRIPTION	AMEND DEBTOR NAME			
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
05/	TRANSFEE	BUSINESS NAME	ALEAFIA HEALTH INC.		
06		ADDRESS	440 - 5591 SPRING GARDEN ROAD	HALIFAX	ONTARIO CORPORATION NO. NS B3H 1Y6
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08		ADDRESS			
09	COLLATERAL CLASSIFICATION	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED
10		GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	AMOUNT MATURITY OR	MATURITY DATE
11	MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.	
12	GENERAL				
13	COLLATERAL DESCRIPTION				
14	REGISTERING AGENT OR	INDCOM LEASING INC.			
15	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	5061 URE ST.	OLDCASTLE	ON NOR 1L0

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 11

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123852.13

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 11
(2468)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA HEALTH INC.
FILE CURRENCY : 12JUL 2023

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
785999799	20220822 1147 1793 6267			
784254042	20220623 0959 1793 1950			
779148936	20211220 1032 1590 0433	20230607 1041 1590 6680		
755325999	20190911 1027 1590 4916			
744424677	20181003 1131 2203 9694	20181004 1521 2203 9695		

7 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crfj6 05/2022)

Business Debtor

Search by Business Debtor

Date: 2023-07-14

Time: 7:34:50 AM

Transaction Number: 10269650777

Business Name: ALEAFIA INC.

0 exact matches were found.

0 similar matches were found.

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	New Brunswick
Type of Search:	Debtors (Enterprise)
Search Criteria:	ALEAFIA INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-14 07:38 (Atlantic)
Transaction Number:	24566295
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
	*	8644292	Alf's Sharpening & Repair	Salisbury
	*	18484121	ALF'S SHARPENING AND REPAIR SERVICE LTD.	SALISBURY
	*	28632594	ALFA PAPER PRODUCTS INC	HAMILTON
	*	12062279	ALPHA APPLIANCE SOLUTIONS	MONCTON
	*	36408292	ALPHA CO CORP	OTTAWA
	*	12062279	ALPHA ELECTRIC (1987) LTD.	MONCTON
	*	21721006	Alpha Electric (1987) Ltd.	Moncton
	*	30123194	ALPHA ELECTRIC (1987) LTD.	MONCTON
	*	36463420	ALPHA INSPECTION	LAKEVILLE-WESTMO RLAND
	*	14155386	ALPHA MARKETING LTD	Fredericton
	*	24705717	Alpha Security Services Inc.	Grand Manan
	*	27630052	ALPHA TECHNOLOGIES LTD.	MONCTON
	*	13012208	ALPHA WATER SOLUTIONS INC	MIRAMICHI
	*	23349384	DR. BRETT AYLIFFE PROFESSIONAL CORPORATION	MONCTON

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 14 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 8644292

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	8644292	2002-07-29 14:28	2003-07-29	495472-IC1
Renewal	9894108	2003-07-08 14:35	2004-07-29	
Renewal	11111192	2004-06-14 18:42	2005-07-29	
Renewal	12373551	2005-06-16 13:27	2006-07-29	
Renewal	13599071	2006-05-30 13:54	2007-07-29	
Renewal	14922025	2007-05-30 15:52	2008-07-29	
Renewal	16233405	2008-05-26 10:42	2009-07-29	
Renewal	17416140	2009-04-29 10:37	2010-07-29	
Renewal	18874222	2010-06-08 17:19	2011-07-29	
Renewal	20082475	2011-05-12 13:21	2012-07-29	
Renewal	21532882	2012-05-28 13:03	2013-07-29	
Renewal	23061435	2013-05-30 12:52	2014-07-29	
Renewal	24447591	2014-05-30 12:02	2015-07-29	
Renewal	25902289	2015-06-01 12:03	2016-07-29	
Renewal	27457084	2016-05-30 13:25	2021-07-29	
Renewal	35304369	2021-05-30 22:03	2026-07-29	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 Alf's Sharpening & Repair
 94 Horsman Street
 Salisbury NB E4J 2H5
 Canada

Secured Parties

Type: Enterprise
 Canadian Imperial Bank Of Commerce
 3155 Main Street
 Salisbury NB E0A 3E0
 Canada

General Collateral

All of the Debtor's present and after acquired personal property as defined in Personal Property Security Act.

Registration Details for Registration Number: 18484121

Province or Territory: New Brunswick
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	18484121	2010-03-04 17:59	2015-03-04	
Renewal	25366386	2015-01-14 13:46	2020-03-04	
Renewal	32919490	2019-10-29 14:33	2025-03-04	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 ALF'S SHARPENING AND REPAIR SERVICE LTD.
 94 HORSMAN STREET
 SALISBURY NB E4J 2H5
 Canada

Secured Parties

Type: Enterprise
 TCF COMMERCIAL FINANCE CANADA, INC.
 700 DORVAL DRIVE, SUITE 102
 OAKVILLE ON L6K 3V3
 Canada

General Collateral

ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PROPERTY, ASSETS AND UNDERTAKING INCLUDING WITHOUT LIMITATION THE FOLLOWING PROPERTY OR INTERESTS IN PROPERTY OF THE DEBTOR, WHETHER NOW OR HEREAFTER EXISTING, OWNED, LICENSED, LEASED, CONSIGNED, ACQUIRED, OR ARISING AND WHERESOEVER LOCATED (I) INVENTORY, ACCOUNTS, CHATTEL PAPER, DOCUMENTS, DOCUMENTS OF TITLE, EQUIPMENT, FINANCIAL ASSETS, FIXTURES, CONTRACT RIGHTS, INVESTMENT PROPERTY, SECURITIES ACCOUNTS, SECURITIES ENTITLEMENTS, OTHER GOODS, INTANGIBLES AND INSTRUMENTS (INCLUDING WITHOUT LIMITATION AND WHETHER OR NOT INCLUDED IN THE FOREGOING, SELLER CREDITS, DEPOSIT ACCOUNTS, AND CERTIFICATES OF DEPOSIT), ANY BOOKS AND RECORDS (WHETHER PAPER, ELECTRONIC, DIGITIZED OR OTHERWISE) WHICH RELATE TO ANY OF THE FOREGOING, AND ANY COMPUTERS, DISKS, TAPES, MEDIA, WEBSITES, DATABASES, ELECTRONIC STORAGE DEVICES AND OTHER DEVICES UPON WHICH, OR WITHIN WHICH, SUCH RECORDS MAY BE STORED, (II) ALL REPOSSESSIONS, RETURNS, EXCHANGES, SUBSTITUTIONS, PARTS, ATTACHMENTS, ACCESSIONS, ACCESSORIES AND REPLACEMENTS TO OR OF THE FOREGOING, AND (III) ALL PROCEEDS AND PRODUCTS IN ANY FORM AND WHERESOEVER LOCATED OR ANY PROPERTY, ASSETS OR UNDERTAKING DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH ANY OF THE FOREGOING INCLUDING, WITHOUT LIMITATION, INSURANCE PROCEEDS AND ANY OTHER PAYMENT REPRESENTING INDEMNITY OR COMPENSATION FOR LOSS OF OR DAMAGE THERETO.

Registration Details for Registration Number: 28632594

Province or Territory: New Brunswick

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	28632594	2017-03-13 12:16	2025-03-13	605715-20170313-NB

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALFA PAPER PRODUCTS INC
735 STRATHEARNE AVENUE NORTH
HAMILTON ON L8H5L3
Canada

Secured Parties

Type: Enterprise
PENSKE TRUCK LEASING CANADA INC
RT 10 GREEN HILLS, PO BOX 791
READING PA 19603
USA

Type: Enterprise
LOCATIONS DE CAMIONS PENSKE CANADA INC
RT 10 GREEN HILLS, PO BOX 791
READING PA 19603
USA

General Collateral

TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS THERETO, INCLUDING, BUT NOT LIMITED TO XATA AND QUALCOMM SYSTEMS, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FUJGEDR9LJK8056	Motor Vehicle	2018 FREIGHTLINER X12564ST	28632594	
2AYNE8JV0H3S18520	Motor Vehicle	2017 HINO TRUCK 268	28632594	

Registration Details for Registration Number: 12062279

Province or Territory: New Brunswick
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	12062279	2005-04-01 15:36	2015-04-01	713278-CS1
Renewal	25306556	2014-12-23 13:18	2025-04-01	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 ALPHA ELECTRIC (1987) LTD.
 25 HALIFAX STREET
 MONCTON NB E1C 9R4
 Canada

Type: Enterprise
 ALPHA APPLIANCE SOLUTIONS
 25 HALIFAX STREET
 MONCTON NB E1C 9R4
 Canada

Secured Parties

Type: Enterprise
 VIP DISTRIBUTORS INC.
 720 - 1st AVENUE NORTH
 SASKATOON SK S7K 6R9
 Canada
 Fax #: 306-242-5651

Type: Enterprise
 NATIONAL BUYING ASSOCIATES
 720 - 1st AVENUE NORTH
 Saskatoon SK S7K 6R9
 Canada

General Collateral

ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY AND ALL PROCEEDS THEREOF, INCLUDING, BUT NOT RESTRICTED TO ACCOUNTS, CHATTEL PAPER, GOODS, INSTRUMENTS, INTANGIBLES, MONEY AND SECURITIES, BE THEY CASH OR NON-CASH PROCEEDS, IN WHATEVER FORM AND HOWSOEVER ARISING, INCLUDING ANY TRANSFER, SALE OR PAYMENT REPRESENTING INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS THEREFROM.

Registration Details for Registration Number: 36408292

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	36408292	2022-02-02 12:10	2027-02-02	627818-20220202-NB

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA CO CORP
2618 ST JOSEPH BLVD, SUITE 200
OTTAWA ON K1C1G3
Canada

Secured Parties

Type: Enterprise
PENSKE TRUCK LEASING CANADA INC
RT 10 GREEN HILLS, PO BOX 791
READING PA 19603
USA

Type: Enterprise
LOCATIONS DE CAMIONS PENSKE CANADA INC
RT 10 GREEN HILLS, PO BOX 791
READING PA 19603
USA

General Collateral

TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS THERETO, INCLUDING, BUT NOT LIMITED TO XATA AND QUALCOMM SYSTEMS, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
2AYNE8JV4K3S18835	Motor Vehicle	2019 HINO TRUCK 268	36408292	
2AYNE8JV1K3S18842	Motor Vehicle	2019 HINO TRUCK 268	36408292	
1HTMMMMM9KH647806	Motor Vehicle	2019 INTERNATIONAL 4300	36408292	

Registration Details for Registration Number: 21721006

Province or Territory: New Brunswick
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	21721006	2012-07-10 14:00	2017-07-10	1297742-CN9
Renewal	29062338	2017-06-12 10:57	2022-07-10	
Amendment	29632734	2017-10-05 11:14	2022-07-10	1629194
Renewal	37007879	2022-06-10 13:05	2027-07-10	

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

The Debtor below was deleted by registration number 29632734

Type: Enterprise
 Alpha Electric (1987) Ltd.
 25 Halifax St
 Moncton NB E1C 9R4
 Canada

The Debtor below was added by registration number 29632734

Type: Enterprise
 Alpha Electric (1987) Ltd.
 25 -33 Halifax Street
 Moncton NB E1C 9R4
 Canada

Secured Parties

The Secured Party below was deleted by registration number 29632734

Type: Enterprise
 The Bank of Nova Scotia
 1465 Brenton Street
 Halifax NS B3J 3T4
 Canada

The Secured Party below was added by registration number 29632734

Type: Enterprise
 The Bank of Nova Scotia
 4715 Tahoe Boulevard
 Mississauga ON L4W 0B4
 Canada

General Collateral

All the debtors present personal property and personal property acquired in the future, including inventory, furniture, fixtures, office equipment, industrial equipment, machinery, plant, tools, vehicles, intangible personal property, securities, documents of title, instruments, chattel paper, money and accounts receivable. All the debtors records relating to the business and the property that is secured and all proceeds that are present or after-acquired personal property.

Added by registration number 29632734

ADD

--- COLLATERAL DESCRIPTIONS ---

Amend the location of collateral to
25-33 Halifax Street, Moncton, NB, E1C9R4

Registration Details for Registration Number: 30123194

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	30123194	2018-01-29 11:03	2023-01-29	237328-OSC
Amendment	37760865	2022-11-29 16:17	2023-01-29	237328-OSC
Renewal	37823366	2022-12-15 10:18	2028-01-29	

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA ELECTRIC (1987) LTD.
25 HALIFAX STREET
MONCTON NB E1C9R4
Canada

Secured Parties

The Secured Party below was deleted by registration number 37760865
Type: Enterprise
~~WELLS FARGO CAPITAL FINANCE CORPORATION CANADA
ATTN (CDF), 1100-1290 CENTRAL PARKWAY W.
MISSISSAUGA ON L5G4R3~~

Canada

The Secured Party below was added by registration number 37760865
 Type: Enterprise
 WELLS FARGO CAPITAL FINANCE CORPORATION CANADA
 ATTN (CDF), 900-1290 CENTRAL PARKWAY W.
 MISSISSAUGA ON L5C4R3
 Canada

General Collateral

ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY.

Registration Details for Registration Number: 36463420

Province or Territory: New Brunswick
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	36463420	2022-02-17 11:08	2027-02-17	245477

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Individual
 BEZEAU, DONALD P
 72 BIDDINGTON AVE
 LAKEVILLE-WESTMORLAND NB E1H1C3
 Canada
 Date of Birth (YYYY-MM-DD): 1963-08-21

Type: Individual
 BEZEAU, DONALD
 72 BIDDINGTON AVE
 LAKEVILLE-WESTMORLAND NB E1H1C3
 Canada
 Date of Birth (YYYY-MM-DD): 1963-08-21

Type: Individual
 BEZAU, DONALD P
 72 BIDDINGTON AVE
 LAKEVILLE-WESTMORLAND NB E1H1C3
 Canada
 Date of Birth (YYYY-MM-DD): 1963-08-21

Type: Individual

BEZAU, DONALD
72 BIDDINGTON AVE
LAKEVILLE-WESTMORLAND NB E1H1C3
Canada
Date of Birth (YYYY-MM-DD): 1963-08-21

Type: Individual
BEZEAU, DONALD PETER
72 BIDDINGTON AVE
LAKEVILLE-WESTMORLAND NB E1H1C3
Canada
Date of Birth (YYYY-MM-DD): 1963-08-21

Type: Individual
BEZAU, DONALD PETER
72 BIDDINGTON AVE
LAKEVILLE-WESTMORLAND NB E1H1C3
Canada
Date of Birth (YYYY-MM-DD): 1963-08-21

Type: Enterprise
DONBAR CONSTRUCTION LTD.
72 BIDDINGTON AVE
LAKEVILLE-WESTMORLAND NB E1H1C3
Canada

Type: Enterprise
ALPHA INSPECTION
72 BIDDINGTON AVE
LAKEVILLE-WESTMORLAND NB E1H1C3
Canada

Type: Enterprise
DONBAR CONSTRUCTION
72 BIDDINGTON AVE
LAKEVILLE-WESTMORLAND NB E1H1C3
Canada

Secured Parties

Type: Enterprise
VAULT CREDIT CORPORATION
41 SCARSDALE ROAD UNIT 5
TORONTO ON M3B2R2
Canada

General Collateral

ONE 2022 WEBERLANE W725SACTW VIN: 2W9350024NC255592 C/W ACCESSORIES AND ATTACHMENTS,
TOGETHER WITH ALL GOODS OF EVERY NATURE OR KIND, FINANCED BY THE SECURED PARTY TO THE DEBTOR AND AS AMENDED FROM TIME TO TIME, TOGETHER WITH ANY AND ALL PAST, PRESENT AND FUTURE ACQUIRED PARTS, ATTACHMENTS, ACCESSORIES, ACCESSIONS, ADDITIONS, SUBSTITUTIONS, IMPROVEMENTS, REPAIR AND REPLACEMENT PARTS AND OTHER EQUIPMENT PLACED ON OR FORMING PART OF THE GOODS DESCRIBED HEREIN AND ANY AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE AND OR DEALINGS WITH THE

COLLATERAL OR PROCEEDS THEREOF AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, INCLUDING ALL GOODS, SECURITIES, INSTRUMENTS DOCUMENTS OF TITLE, CHATTEL PAPER, INTANGIBLES (AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT), RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENT AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
2W9350024NC255592	Trailer	2022 WEBERLANE W725SACTW	36463420	

Registration Details for Registration Number: 14155386

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	14155386	2006-10-20 18:20	2011-10-20	850454-CT9
Renewal	20631503	2011-09-27 21:05	2016-10-20	
Renewal	27871185	2016-08-24 18:48	2021-10-20	
Renewal	35773597	2021-09-01 18:40	2026-10-20	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA MARKETING LTD
PO BOX 1102 STN A
Fredericton NB E3B 5C2
Canada

Secured Parties

Type: Enterprise
Toronto-Dominion Bank #50804
Tucker, Colin
Manager
77 Westmorland ST
Fredericton NB E3B 6Z3
Canada
Phone #: 506-458-7159
Fax #: 506-459-7159

General Collateral

All present and after acquired personal property.

Registration Details for Registration Number: 24705717

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	24705717	2014-07-25 13:22	2019-07-25	
Renewal	32198640	2019-05-27 13:24	2024-07-25	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
Alpha Security Services Inc.
Ingalls, Michael L.
President
7 Ferry Wharf Road
Grand Manan NB E5G 3A1
Canada

Secured Parties

Type: Enterprise
Bayview Credit Union Limited
Ryall, Jessie
Commercial Account Manager
57 King Street
Saint John NB E2L 1G5
Canada
Phone #: 506-635-7509

General Collateral

A security interest is taken in All Debtor's Present and After Acquired Personal Property.

Registration Details for Registration Number: 27630052

Province or Territory: New Brunswick

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	27630052	2016-07-05 17:48	2020-07-05	292797
Re-registration	33876830	2020-07-09 12:22	2020-07-05	
Renewal	33876855	2020-07-09 12:22	2021-07-05	
Renewal	35476860	2021-07-02 09:26	2022-07-05	
Renewal	35476902	2021-07-02 09:27	2023-07-05	
Renewal	38511770	2023-06-06 10:57	2024-07-05	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA TECHNOLOGIES LTD.
11--80 MAPLETON STE 101 RD
MONCTON NB E1C7W8
Canada

Secured Parties

Type: Enterprise
ENTERPRISE FLEET MANAGEMENT CANADA INC.
77 BELFIELD RD. STE 100
TORONTO ON M9W1G6
Canada

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FDWE4FLXGDC38733	Motor Vehicle	2016 FORD E-450	27630052	

Registration Details for Registration Number: 13012208

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	13012208	2005-12-09 15:24	2010-12-09	777585-CT9
Renewal	19477736	2010-11-15 18:25	2015-12-09	
Renewal	26586982	2015-10-19 14:16	2020-12-09	
Renewal	34388595	2020-10-27 18:21	2025-12-09	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA WATER SOLUTIONS INC
345 GEORGE ST
MIRAMICHI NB E1V 2R8
Canada

Secured Parties

Type: Enterprise
Toronto-Dominion Bank #50404
Dallaire, Maurice
Manager
CP/PO BOX 513
Newcastle NB E1V 3M6
Canada
Phone #: 506-622-9040
Fax #: 506-622-9045

General Collateral

All present and after acquired personal property.

Registration Details for Registration Number: 23349384

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	23349384	2013-08-02 18:38	2019-08-02	1369365-CN9
Renewal	32377194	2019-07-02 17:21	2025-08-02	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
DR. BRETT AYLIFFE PROFESSIONAL CORPORATION
1435 MOUNTAIN ROAD UNIT E
MONCTON NB E1G 1A3

Canada

Secured Parties

Type: Enterprise
The Bank of Nova Scotia
1465 Brenton Street
Halifax NS B3J 3T4
Canada

General Collateral

All the debtors present personal property and personal property acquired in the future, including inventory, furniture, fixtures, office equipment, industrial equipment, machinery, plant, tools, vehicles, intangible personal property, securities, documents of title, instruments, chattel paper, money and accounts receivable. All the debtors records relating to the business and the property that is secured and all proceeds that are present or after-acquired personal property.

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: Newfoundland and Labrador
Type of Search: Debtors (Enterprise)
Search Criteria: ALEAFIA INC.
Date and Time of Search (YYYY-MM-DD hh:mm): 2023-07-13 20:13 (Atlantic)
Transaction Number: 24566000
Searched By: W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
*	*	19513423	ALEAFIA INC.	CONCORD
	*	19513423	ALEAFIA FARMS INC.	CONCORD
	*	19513423	ALEAFIA HEALTH INC.	CONCORD
	*	14750822	ALFA PAPER PRODUCTS INC	HAMILTON
	*	14795470	ALPHA CHEMICAL LIMITED	DARTMOUTH
	*	15458623	ALPHA CHEMICAL LIMITED	ST. JOHN'S
	*	15583131	ALPHA CHEMICAL LIMITED	ST-JOHN'S
	*	15697717	ALPHA CHEMICAL LIMITED	ST. JOHN'S
	*	16632960	ALPHA CHEMICAL LIMITED	ST JOHN'S
	*	17016890	ALPHA CHEMICAL LIMITED	ST JOHNS
	*	19597152	ALPHA CO CORP	OTTAWA
	*	19733815	ALPHA HOLDINGS LIMITED	ST. JOHN'S
	*	20405627	ALPHA HOLDINGS LIMITED	ST. JOHN'S

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 1 registration(s) contained information that **exactly** matched the search criteria you specified.

- 12 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 19513423

Province or Territory: Newfoundland and Labrador
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	19513423	2021-12-23 11:12	2026-12-23	372471876
Amendment	20869350	2023-06-13 13:24	2026-12-23	372471876

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALEAFIA HEALTH INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CANNABIS CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA FARMS INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CORP.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
CANABO MEDICAL CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Secured Parties

The Secured Party below was deleted by registration number 20869350

Type: Enterprise
~~NE SPC II LP~~
~~G/O NEXT EDGE CAPITAL~~

1 TORONTO STREET
 SUITE 200
 TORONTO ON M5C 2V6
 Canada

The Secured Party below was added by registration number 20869350
 Type: Enterprise
 Red White & Bloom Brands Inc.
 789 WEST PENDER STREET
 SUITE 810
 VANCOUVER BC V6C 1H2
 Canada

General Collateral

a security interest is taken in all of the debtor's present and after-acquired personal property

Registration Details for Registration Number: 14750822

Province or Territory: Newfoundland and Labrador
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	14750822	2017-03-13 12:27	2025-03-13	605715-20170313-NL

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 ALFA PAPER PRODUCTS INC
 735 STRATHEARNE AVENUE NORTH
 HAMILTON ON L8H5L3
 Canada

Secured Parties

Type: Enterprise
 PENSKE TRUCK LEASING CANADA INC
 RT 10 GREEN HILLS, PO BOX 791
 READING PA 19603
 USA

Type: Enterprise
 LOCATIONS DE CAMIONS PENSKE CANADA INC

RT 10 GREEN HILLS, PO BOX 791
 READING PA 19603
 USA

General Collateral

TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS THERETO, INCLUDING, BUT NOT LIMITED TO XATA AND QUALCOMM SYSTEMS, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FUJGEDR9JLJK8056	Motor Vehicle	2018 FREIGHTLINER X12564ST	14750822	
2AYNE8JV0H3S18520	Motor Vehicle	2017 HINO TRUCK 268	14750822	

Registration Details for Registration Number: 14795470

Province or Territory: Newfoundland and Labrador
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	14795470	2017-03-29 14:34	2042-03-29	10021426.00117
Renewal	14795488	2017-03-29 14:35	2047-03-29	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 ALPHA CHEMICAL LIMITED
 600 - 99 WYSE ROAD
 DARTMOUTH NS B3A 4S5
 Canada

Secured Parties

Type: Enterprise
 BUSINESS DEVELOPMENT BANK OF CANADA
 2000 BARRINGTON STREET
 SUITE 1400
 PO BOX 1656
 HALIFAX NS B3J 2Z7
 Canada

General Collateral

A security interest is taken in all of the Debtor's existing and after-acquired personal property, all accretions thereto, replacements thereof and substitutions therefore from time to time, and all proceeds.

Registration Details for Registration Number: 15458623

Province or Territory: Newfoundland and Labrador

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	15458623	2017-11-01 16:54	2023-11-01	H5873

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA CHEMICAL LIMITED
310 WHITE HILLS ROAD
ST. JOHN'S NL A1A5J7
Canada

Secured Parties

Type: Enterprise
O'REGAN CHEVROLET BUICK GMC CADILLAC LIMITED
BURKE, MICHAEL
LEASING MANAGER
3224 KEMPT ROAD
HALIFAX NS B3K4X1
Canada
Phone #: 902-469-3334
Fax #: 902-465-1226

General Collateral

The goods of debtor described herein by vehicle identification number or serial number, as applicable, together with all present and after-acquired attachments, accessories and accessions thereto and all proceeds related to the foregoing.

ADDED TONNEAU COVER AND SIDE RAILS

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GC1KUEG3HF192146	Motor Vehicle	2017 CHEVROLET SILVERADO 2500	15458623	

Registration Details for Registration Number: 15583131

Province or Territory: Newfoundland and Labrador

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	15583131	2017-12-22 13:19	2023-12-22	985406-DL1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA CHEMICAL LIMITED
310 EAST WHITE HILLS RD
ST-JOHNS NL A1A 5J7
Canada

Secured Parties

Type: Enterprise
DE LAGE LANDEN FINANCIAL SERVICES CANADA INC.
3450 Superior Court, Unit 1
Oakville ON L6L 0C4
Canada

General Collateral

All personal property of the debtor described herein by vehicle identification number or serial number, as applicable, wherever situated, together with all parts and accessories relating thereto, all attachments, accessories and accessions thereto or thereon, all replacements, substitutions, additions and improvements of all or any part of the foregoing and all proceeds in any form derived therefrom. Proceeds: all of the debtor's present and after acquired identifiable or traceable personal property that is derived, directly or indirectly, from any dealing with or disposition of the above-described collateral or proceeds of the above described collateral and in which the debtor acquires an interest, including without limitation, all insurance and other payments that represent indemnity or compensation for loss or damage to the above described collateral or proceeds of the above described collateral, or a right to such payments, accounts, rents or other payments arising from the lease or rental of the above described collateral or proceeds of the above described collateral, a payment made in total or partial discharge or redemption of chattel paper, investment property, an instrument or an intangible, rights arising out of, or property collected on, or distributed on account of, collateral that is investment property, and goods, documents of title, chattel paper, investment property, instruments, money or intangibles.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
HHKHHF08EH0003728	Motor Vehicle	2017 HYUNDAI / 25L-7A	15583131	

Registration Details for Registration Number: 15697717

Province or Territory: Newfoundland and Labrador

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	15697717	2018-02-20 09:15	2024-02-20	H6004

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA CHEMICAL LIMITED
1 WHITE HILLS ROAD
ST. JOHN'S NL A1A0A1
Canada

Secured Parties

Type: Enterprise
O'REGAN CHEVROLET BUICK GMC CADILLAC LIMITED
BURKE, MICHAEL
LEASING MANAGER
3224 KEMPT ROAD
HALIFAX NS B3K4X1
Canada
Phone #: 902-469-3334
Fax #: 902-465-1226

General Collateral

The goods of debtor described herein by vehicle identification number or serial number, as applicable, together with all present and after-acquired attachments, accessories and accessions thereto and all proceeds related to the foregoing.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
5XYPHDA1XJG392504	Motor Vehicle	2018 KIA SORENTO	15697717	

Registration Details for Registration Number: 16632960

Province or Territory: Newfoundland and Labrador
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	16632960	2019-01-24 12:29	2025-01-24	1017696-DL1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA CHEMICAL LIMITED
310 WHITE HILLS ROAD
ST JOHN'S NL A1A 5J7
Canada

Secured Parties

Type: Enterprise
DE LAGE LANDEN FINANCIAL SERVICES CANADA INC.
3450 Superior Court, Unit 1
Oakville ON L6L 0C4
Canada

General Collateral

All personal property of the debtor described herein by vehicle identification number or serial number, as applicable, wherever situated, together with all parts and accessories relating thereto, all attachments, accessories and accessions thereto or thereon, all replacements, substitutions, additions and improvements of all or any part of the foregoing and all proceeds in any form derived therefrom. Proceeds: all of the debtor's present and after acquired identifiable or traceable personal property that is derived, directly or indirectly, from any dealing with or disposition of the above-described collateral or proceeds of the above described collateral and in which the debtor acquires an interest, including without limitation, all insurance and other payments that represent indemnity or compensation for loss or damage to the above described collateral or proceeds of the above described collateral, or a right to such payments, accounts, rents or other payments arising from the lease or rental of the above described collateral or proceeds of the above described collateral, a payment made in total or partial discharge or redemption of chattel paper, investment property, an instrument or an intangible, rights arising out of, or property collected on, or distributed on account of, collateral that is investment property, and goods, documents of title, chattel paper, investment property, instruments, money or intangibles.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
HHKHFY08PJ0001134	Motor Vehicle	2018 HYUNDAI / 20BT-9	16632960	

Registration Details for Registration Number: 17016890

Province or Territory: Newfoundland and Labrador
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	17016890	2019-06-13 18:26	2025-06-13	1027149-DL1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA CHEMICAL LIMITED
310 WHITE HILLS ROAD
ST JOHNS NL A1A 5J5
Canada

Secured Parties

Type: Enterprise
DE LAGE LANDEN FINANCIAL SERVICES CANADA INC.
3450 Superior Court, Unit 1
Oakville ON L6L 0C4
Canada

General Collateral

All personal property of the debtor described herein by vehicle identification number or serial number, as applicable, wherever situated, together with all parts and accessories relating thereto, all attachments, accessories and accessions thereto or thereon, all replacements, substitutions, additions and improvements of all or any part of the foregoing and all proceeds in any form derived therefrom. Proceeds: all of the debtor's present and after acquired identifiable or traceable personal property that is derived, directly or indirectly, from any dealing with or disposition of the above-described collateral or proceeds of the above described collateral and in which the debtor acquires an interest, including without limitation, all insurance and other payments that represent indemnity or compensation for loss or damage to the above described collateral or proceeds of the above described collateral, or a right to such payments, accounts, rents or other payments arising from the lease or rental of the above described collateral or proceeds of the above described collateral, a payment made in total or partial discharge or redemption of chattel paper, investment property, an instrument or an intangible, rights arising out of, or property collected on, or distributed on account of, collateral that is investment property, and goods, documents of title, chattel paper, investment property, instruments, money or intangibles.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
HHKHFT23HK0000419	Motor Vehicle	2019 HYUNDAI / 160D-9	17016890	

Registration Details for Registration Number: 19597152

Province or Territory: Newfoundland and Labrador
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	19597152	2022-02-02 12:19	2027-02-02	627818-20220202-NL

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA CO CORP
2618 ST JOSEPH BLVD, SUITE 200
OTTAWA ON K1C1G3
Canada

Secured Parties

Type: Enterprise
PENSKE TRUCK LEASING CANADA INC
RT 10 GREEN HILLS, PO BOX 791
READING PA 19603
USA

Type: Enterprise
LOCATIONS DE CAMIONS PENSKE CANADA INC
RT 10 GREEN HILLS, PO BOX 791
READING PA 19603
USA

General Collateral

TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS THERETO, INCLUDING, BUT NOT LIMITED TO XATA AND QUALCOMM SYSTEMS, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
2AYNE8JV4K3S18835	Motor Vehicle	2019 HINO TRUCK 268	19597152	
2AYNE8JV1K3S18842	Motor Vehicle	2019 HINO TRUCK 268	19597152	

Serial Number	Collateral Type	Description	Added By	Deleted By
1HTMMMMM9KH647806	Motor Vehicle	2019 INTERNATIONAL 4300	19597152	

Registration Details for Registration Number: 19733815

Province or Territory: Newfoundland and Labrador

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	19733815	2022-03-31 15:55	2025-03-31	44990408

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA HOLDINGS LIMITED
32 MAJORS PATH
ST. JOHN'S NL A1A4Z9
Canada

Secured Parties

Type: Enterprise
Ford Credit Canada Leasing, Division of Canadian Road Leasing Company
Box 1800 RPO LAKESHORE WEST
OAKVILLE ON L6K 0J8
Canada

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FMCU9DZ8NUA40434	Motor Vehicle	2022 FORD ESCAPE	19733815	

Registration Details for Registration Number: 20405627

Province or Territory: Newfoundland and Labrador

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	20405627	2022-12-05 12:46	2024-12-05	5029-726784-01

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Individual
 DROVER, AUBREY MANUEL
 32 MAJOR'S PATH
 ST. JOHN'S NL A1A4Z9
 Canada
 Date of Birth (YYYY-MM-DD): 1951-09-19

Type: Enterprise
 ALPHA HOLDINGS LIMITED
 32 MAJOR'S PATH
 ST. JOHN'S NL A1A4Z9
 Canada

Secured Parties

Type: Enterprise
 KUBOTA CANADA LTD
 1155 KUBOTA DRIVE
 PICKERING ON L1X0H4
 Canada

General Collateral

2022 KUBOTA #LX3310HSDCC KBUB8BHCTN1B15120
 2022 KUBOTA *LA535 C7496
 2022 KUBOTA *K64-24-07 22209273

PRINCIPAL AMOUNT \$60,155.00

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
KBUB8BHCTN1B15120	Motor Vehicle	2022 KUBOTA #LX3310HSDCC	20405627	
C7496	Motor Vehicle	2022 KUBOTA *LA535	20405627	
22209273	Motor Vehicle	2022 KUBOTA *K64-24-07	20405627	

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Nova Scotia
Type of Search:	Debtors (Enterprise)
Search Criteria:	ALEAFIA INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-13 20:12 (Atlantic)
Transaction Number:	24565999
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
*	*	35605963	ALEAFIA INC.	CONCORD
	*	35605963	ALEAFIA FARMS INC.	CONCORD
	*	30083521	ALEAFIA HEALTH INC.	HALIFAX
	*	35605963	ALEAFIA HEALTH INC.	CONCORD
	*	29132198	ALEF LP	MIAMI
	*	27309806	ALFA PAPER PRODUCTS INC	HAMILTON
	*	36218873	ALPHA CANIS LTD	BRAMPTON
	*	35377613	Alpha Canis Ltd.	Brampton
	*	35400068	ALPHA CANIS LTD.	BRAMPTON
	*	35689041	Alpha Canis Ltd.	Brampton
	*	37108891	Alpha Canis Ltd.	Brampton
	*	37108891	Alpha Canis Ltd.	Brampton
	*	37139987	ALPHA CANIS LTD.	BRAMPTON
	*	37289949	ALPHA CANIS LTD.	BRAMPTON
	*	28504546	ALPHA CHEMICAL LIMITED	DARTMOUTH
	*	28653103	ALPHA CHEMICAL LIMITED	DARTMOUTH
	*	28932135	ALPHA CHEMICAL LIMITED	DARTMOUTH
	*	29557717	ALPHA CHEMICAL LIMITED	DARTMOUTH
	*	30801690	ALPHA CHEMICAL LIMITED	DARTMOUTH
	*	13708201	Alpha Chiropractic Clinic	Port Williams
	*	32503690	ALPHA CHIROPRACTIC CLINIC INCORPORATED	Port Williams
	*	35751056	ALPHA CO CORP	OTTAWA
	*	35505643	Alpha Meridian Construction Group Inc.	Timberlea
	*	37854155	Alpha Nova Fire Sprinkler Services INC.	Bedford
	*	17742495	Alpha Optical Limited	Lower Sackville
	*	18261818	Alpha Optical Limited	Lower Sackville
	*	22677470	ALPHA PLUMBING & HEATING LIMITED	HALIFAX
	*	32891046	Alpha Plumbing & Heating Limited	Halifax
	*	31190499	ALPHA REALTY LIMITED	Halifax
	*	36027845	Alpha Value Boutique Inc.	HAMMONDS PLAINS

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 1 registration(s) contained information that **exactly** matched the search criteria you specified.

- 29 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 35605963

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	35605963	2021-12-23 11:10	2026-12-23	372472576
Amendment	37992005	2023-06-13 13:29	2026-12-23	372472576

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALEAFIA HEALTH INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CANNABIS CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA FARMS INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CORP.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
CANABO MEDICAL CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
 ALEAFIA INC.
 85 BASALTIC ROAD
 CONCORD ON L4K 1G4
 Canada

Secured Parties

The Secured Party below was deleted by registration number 37992005

Type: Enterprise
~~NE SPC II LP
 C/O NEXT EDGE CAPITAL
 1 TORONTO STREET
 SUITE 200
 TORONTO ON M5C 2V6
 Canada~~

The Secured Party below was added by registration number 37992005

Type: Enterprise
 Red White & Bloom Brands Inc.
 789 WEST PENDER STREET
 SUITE 810
 VANCOUVER BC V6C 1H2
 Canada

General Collateral

a security interest is taken in all of the debtor's present and after-acquired personal property

Registration Details for Registration Number: 30083521

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	30083521	2018-09-12 11:47	2024-09-12	14649
Amendment	30193502	2018-10-03 13:58	2024-09-12	14649
Amendment	30201677	2018-10-04 17:40	2024-09-12	14649

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

The Debtor below was deleted by registration number 30193502

Type: Enterprise
 ALEAFIA HEALTH INC.
 440 - 5591 SPRING GARDEN ROAD
 HALIFAX NS B3H1Y6
 Canada

The Debtor below was added by registration number 30193502
 The Debtor below was deleted by registration number 30201677

Type: Enterprise
 ALEAFIA INC.
 440 - 5591 SPRING GARDEN ROAD
 HALIFAX NS B3H1Y6
 Canada

The Debtor below was added by registration number 30201677

Type: Enterprise
 ALEAFIA HEALTH INC.
 440 - 5591 SPRING GARDEN ROAD
 HALIFAX NS B3H1Y6
 Canada

Secured Parties

Type: Enterprise
 INDCOM LEASING INC.
 5061 URE STREET
 OLDCASTLE ON N0R1L0
 Canada

General Collateral

ONE CANON IR ADV C3530I II WITH ALL ACCESSORIES AND ATTACHMENTS.

Registration Details for Registration Number: 29132198

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	29132198	2018-04-04 14:47	2028-04-04	13328495

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 ALEF LP
 200 S. BISCAYNE BLVD., 7TH FLOOR
 MIAMI FL 33131
 USA

Type: Enterprise
 3315305 NOVA SCOTIA COMPANY
 200 S. BISCAYNE BLVD., 7TH FLOOR
 MIAMI FL 33131
 USA

Secured Parties

Type: Enterprise
 WELLS FARGO BANK, NATIONAL ASSOCIATION, CANADIAN BRANCH
 40 KING STREET WEST, SUITE 3200
 TORONTO ON M5H 3Y2
 CANADA

General Collateral

A SECURITY INTEREST IS TAKEN IN ALL OF THE DEBTORS' PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY

Registration Details for Registration Number: 27309806

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	27309806	2017-03-13 12:16	2025-03-13	605715-20170313-NS

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 ALFA PAPER PRODUCTS INC
 735 STRATHEARNE AVENUE NORTH
 HAMILTON ON L8H5L3
 Canada

Secured Parties

Type: Enterprise
 PENSKE TRUCK LEASING CANADA INC
 RT 10 GREEN HILLS, PO BOX 791
 READING PA 19603
 USA

Type: Enterprise
 LOCATIONS DE CAMIONS PENSKE CANADA INC
 RT 10 GREEN HILLS, PO BOX 791
 READING PA 19603
 USA

General Collateral

TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS THERETO, INCLUDING, BUT NOT LIMITED TO XATA AND QUALCOMM SYSTEMS, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FUJGEDR9JLJK8056	Motor Vehicle	2018 FREIGHTLINER X12564ST	27309806	
2AYNE8JV0H3S18520	Motor Vehicle	2017 HINO TRUCK 268	27309806	

Registration Details for Registration Number: 36218873

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	36218873	2022-05-11 14:40	2027-05-11	AVS19992726

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Individual
 KAUR, RAJPREET
 26 NANCY MCCREDIE DR
 BRAMPTON ON L6X2N5
 Canada
 Date of Birth (YYYY-MM-DD): 1995-06-14

Type: Enterprise

INTER-STATE LINEHAUL LTD
 26 NANCY MCCREDIE DR
 BRAMPTON ON L6X2N5
 Canada

Type: Enterprise
 ALPHA CANIS LTD
 26 MCCREDIE DR
 BRAMPTON ON L6X2N5
 Canada

Secured Parties

Type: Enterprise
 AXIOM LEASING INC
 4 ROBERT SPECK PARKWAY, 15TH FLOOR
 MISSISSAUGA ON L4Z1S1
 Canada

General Collateral

2015 MANAC THERMOKING REEFER SN 600118635 VIN 2M5931617F1152387

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
2M5931617F1152387	Trailer	2015 MANAC TRAILER	36218873	
600118635	Trailer	2015 MANAC REEFER UNIT	36218873	

Registration Details for Registration Number: 35377613

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	35377613	2021-11-03 12:21	2025-11-03	AVS17792721

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Individual
 Kaur, Rajpreet
 3 Mezzo St
 Brampton ON L6P2X5
 Canada
 Date of Birth (YYYY-MM-DD): 1995-06-14

Type: Enterprise
 Inter-State Linehaul Ltd.
 109 Duffus Drive
 Bedford NS B4A3T9
 Canada

Type: Enterprise
 Inter-State Linehaul Ltd.
 609 Nine Mile Dr.
 Bedford NS B4A0H4
 Canada

Type: Enterprise
 Alpha Canis Ltd.
 3 Mezzo St
 Brampton ON L6P2X5
 Canada

Secured Parties

Type: Enterprise
 Bodkin, a division of Bennington Financial Corp.
 102-1465 North Service Rd E
 Oakville ON L6H1A7
 Canada

General Collateral

PURSUANT TO LEASE AGREEMENT 50013657, ALL PRESENT AND FUTURE EQUIPMENT ENCOMPASSED BY LEASE AGREEMENT 50013657 TOGETHER WITH ALL ATTACHMENTS ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS OF EVERY TYPE, ITEM OR KIND IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH COLLATERAL INCLUDING WITHOUT LIMITATION TRADE-INS, EQUIPMENT, INVENTORY, GOODS, NOTES, CHATTEL PAPER, CONTRACT RIGHTS, ACCOUNTS, RENTAL PAYMENTS, SECURITIES, INTANGIBLES, DOCUMENTS OF TITLE AND MONEY AND ALL PROCEEDS OF PROCEEDS AND A RIGHT TO ANY INSURANCE PAYMENT AND ANY OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR THE PROCEEDS OF THE COLLATERAL INCLUDING BUT NOT LIMITED TO THE FOLLOWING 1 2011 GREAT DANE SUP 53' REEFER TRAILER C/W CARRIER 2100A REEFER UNIT S/N# 3609U06862

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GRAA0625BW700516	Motor Vehicle	2011 GREAT DANE SUP	35377613	

Registration Details for Registration Number: 35400068

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	35400068	2021-11-08 15:18	2027-11-08	29254

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 INTER-STATE LINEHAUL LTD.
 208-620 NINE MILE DRIVE
 BEDFORD NS B4A0H4
 Canada

Type: Enterprise
 ALPHA CANIS LTD.
 3 MEZZO STREET
 BRAMPTON ON L6P4C4
 Canada

Type: Enterprise
 INTER-STATE LINEHAUL LTD.
 3 MEZZO STREET
 BRAMPTON ON L6P4C4
 Canada

Secured Parties

Type: Enterprise
 MITSUBISHI HC CAPITAL CANADA, INC.
 301-3390 SOUTH SERVICE RD.
 BURLINGTON ON L7N3J5
 Canada

General Collateral

C/W THERMOKING REEFER UNIT MODEL C600 S/N 6001210077

THE PERSONAL PROPERTY DESCRIBED HEREIN, TOGETHER WITH ALL ACCESSORIES, OPTIONAL EQUIPMENT, COMPONENTS, PARTS, INSTRUMENTS, APPURTENANCES, FURNISHINGS AND OTHER EQUIPMENT OF WHATEVER NATURE OR KIND FURNISHED IN CONNECTION WITH ANY OF THE FOREGOING EQUIPMENT AND ANY REPLACEMENTS AND SUBSTITUTIONS THEREFOR (COLLECTIVELY, THE "EQUIPMENT"), AS WELL AS ALL OF THE DEBTOR'S PRESENT AND FUTURE RIGHTS, TITLE AND INTEREST IN THE FOLLOWING (THE "EQUIPMENT-RELATED COLLATERAL")

(I) INTELLECTUAL PROPERTY AND OTHER INTANGIBLES RELATING TO THE EQUIPMENT OR EQUIPMENT-RELATED COLLATERAL

(II) ANY CONTRACT FOR THE SALE, LEASE, RENTAL OR OTHER DISPOSITION OF THE EQUIPMENT

(III) ALL INSURANCE CLAIMS AND PROCEEDS RESULTING FROM ANY LOSS OR DAMAGE TO THE EQUIPMENT OR THE EQUIPMENT-RELATED COLLATERAL AND

(IV) ANY PROCEEDS OF THE EQUIPMENT OR EQUIPMENT-RELATED COLLATERAL, IN WHATEVER FORM IT MAY BE, INCLUDING WITHOUT LIMITATION, CHATTEL PAPER, TITLE DOCUMENTS, GOODS, INSTRUMENTS, OR MONEY.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
527SR5323HM009975	Trailer	2017 VANGUARD REEFER	35400068	

Registration Details for Registration Number: 35689041

Province or Territory: Nova Scotia

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	35689041	2022-01-18 14:45	2028-01-18	AVS18585760

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Individual
 Kaur, Rajpreet
 26 Nancy McCredie Dr
 Brampton ON L6X2N5
 Canada
 Date of Birth (YYYY-MM-DD): 1995-06-14

Type: Individual
 Kaur, Rajpreet
 109 Duffus Drive
 Bedford NS B4A3T9
 Canada
 Date of Birth (YYYY-MM-DD): 1995-06-14

Type: Individual
 Kaur, Rajpreet
 3 Mezzo St.
 Brampton ON L6P4C4
 Canada
 Date of Birth (YYYY-MM-DD): 1995-06-14

Type: Enterprise
 Inter-State Linehaul Ltd.
 109 Duffus Dr
 Bedford NS B4A3T9
 Canada

Type: Enterprise
 Inter-State
 109 Duffus Dr
 Bedford NS B4A3T9

Canada

Type: Enterprise
Alpha Canis Ltd.
3 Mezzo St
Brampton ON L6P4C4
Canada

Type: Enterprise
Inter-State Linehaul Ltd.
620 Nine Mile Drive
Bedford NS B4A0H4
Canada

Type: Enterprise
Inter-State
620 Nine Mile Drive
Bedford NS B4A0H4
Canada

Secured Parties

Type: Enterprise
Bodkin, a division of Bennington Financial Corp.
102-1465 North Service Rd E
Oakville ON L6H1A7
Canada

General Collateral

PURSUANT TO LEASE AGREEMENT 50018270, ALL PRESENT AND FUTURE EQUIPMENT ENCOMPASSED BY LEASE AGREEMENT 50018270 TOGETHER WITH ALL ATTACHMENTS ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS OF EVERY TYPE, ITEM OR KIND IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH COLLATERAL INCLUDING WITHOUT LIMITATION TRADE-INS, EQUIPMENT, INVENTORY, GOODS, NOTES, CHATTEL PAPER, CONTRACT RIGHTS, ACCOUNTS, RENTAL PAYMENTS, SECURITIES, INTANGIBLES, DOCUMENTS OF TITLE AND MONEY AND ALL PROCEEDS OF PROCEEDS AND A RIGHT TO ANY INSURANCE PAYMENT AND ANY OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR THE PROCEEDS OF THE COLLATERAL INCLUDING BUT NOT LIMITED TO THE FOLLOWING

ONE [1] 2020 VOLVO 760 HIGHWAY TRACTOR

ONE [1] 2014 UTILITY DRY VAN TRAILER

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
4V4NC9EH1LN227127	Motor Vehicle	2020 VOLVO 760	35689041	
1UYVS2536EP792539	Motor Vehicle	2014 UTILITY DRY VAN	35689041	

Registration Details for Registration Number: 37108891

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	37108891	2022-11-18 14:21	2028-11-18	AVS23016820

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Individual
 Chahal, Manbir Singh
 26 Nancy McCredie Dr
 Brampton ON L6X2N5
 Canada
 Date of Birth (YYYY-MM-DD): 1996-12-03

Type: Individual
 Kaur, Rajpreet
 26 Nancy McCredie Dr
 Brampton ON L6X2N5
 Canada
 Date of Birth (YYYY-MM-DD): 1995-06-14

Type: Individual
 Chahal, Manbir
 26 Nancy McCredie Dr
 Brampton ON L6X2N5
 Canada
 Date of Birth (YYYY-MM-DD): 1996-12-03

Type: Individual
 Kaur, Rajpreet
 620 Nine Mile Drive
 Bedford NS B4A0H4
 Canada
 Date of Birth (YYYY-MM-DD): 1995-06-14

Type: Individual
 Kaur, Rajpreet
 3 Mezzo St
 Brampton ON L6P4C4
 Canada
 Date of Birth (YYYY-MM-DD): 1995-06-14

Type: Enterprise
 Inter-State Linehaul Ltd.
 620 Nine Mile Dr
 Bedford NS B4A0H4
 Canada

Type: Enterprise
 Inter-State
 620 Nine Mile Dr

Bedford NS B4A0H4
Canada

Type: Enterprise
Alpha Canis Ltd.
26 Nancy McCredie Dr
Brampton ON L6X2N5
Canada

Type: Enterprise
Inter-State Linehaul Ltd.
620 Nine Mile Dr Suite 208
Bedford NS B4A0H4
Canada

Type: Enterprise
Inter-State
620 Nine Mile Dr
Bedford NS B4A0H4
Canada

Type: Enterprise
Alpha Canis Ltd.
3 Mezzo St
Brampton ON L6P4C4
Canada

Secured Parties

Type: Enterprise
Bodkin, a division of Bennington Financial Corp.
102-1465 North Service Rd E
Oakville ON L6H1A7
Canada

General Collateral

PURSUANT TO LEASE AGREEMENT 50023645, ALL PRESENT AND FUTURE EQUIPMENT ENCOMPASSED BY LEASE AGREEMENT 50023645 TOGETHER WITH ALL ATTACHMENTS ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS OF EVERY TYPE, ITEM OR KIND IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH COLLATERAL INCLUDING WITHOUT LIMITATION TRADE-INS, EQUIPMENT, INVENTORY, GOODS, NOTES, CHATTEL PAPER, CONTRACT RIGHTS, ACCOUNTS, RENTAL PAYMENTS, SECURITIES, INTANGIBLES, DOCUMENTS OF TITLE AND MONEY AND ALL PROCEEDS OF PROCEEDS AND A RIGHT TO ANY INSURANCE PAYMENT AND ANY OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR THE PROCEEDS OF THE COLLATERAL INCLUDING BUT NOT LIMITED TO THE FOLLOWING
ONE (1) 2023 CIMC TRIDEM COOL GLOBE REEFER TRAILER S/N: VAD91712632

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
2SHSR5331PS001177	Motor Vehicle	2023 CIMC TRIDEM	37108891	

Registration Details for Registration Number: 37139987

Province or Territory: Nova Scotia

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	37139987	2022-11-25 18:40	2028-11-25	80111776

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Individual
 KAUR, RAJPREET
 26 NANCY MCCREDIE DR
 BRAMPTON ON L6X2N5
 Canada
 Date of Birth (YYYY-MM-DD): 1995-06-14

Type: Individual
 CHAHAL, MANBIR SINGH
 26 NANCY MCCREDIE DR
 BRAMPTON ON L6X2N5
 Canada
 Date of Birth (YYYY-MM-DD): 1996-12-03

Type: Individual
 RAJPREET, KAUR
 26 NANCY MCCREDIE DR
 BRAMPTON ON L6X2N5
 Canada
 Date of Birth (YYYY-MM-DD): 1995-06-14

Type: Individual
 KAUR, R
 26 NANCY MCCREDIE DR
 BRAMPTON ON L6X2N5
 Canada
 Date of Birth (YYYY-MM-DD): 1995-06-14

Type: Enterprise
 INTER-STATE LINEHAUL LTD.
 620 NINE MILE DRIVE
 BEDFORD NS B4A0H4
 Canada

Type: Enterprise
 ALPHA CANIS LTD.
 26 NANCY MCCREDIE DR
 BRAMPTON ON L6X2N5
 Canada

Type: Enterprise
 INTER-STATE LINEHAUL LTD.
 109 DUFFUS DRIVE
 BEDFORD NS B4A3T9
 Canada

Secured Parties

Type: Enterprise
 MAYA LEASING CORP.
 215 ADVANCE BLVD, UNIT 7
 BRAMPTON ON L6T4V9
 Canada

General Collateral

THE LEASED ASSET TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS, AND IMPROVEMENTS.

- TRIDEM TRAILER C/W REEFER UNIT S/N VAC91709445

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
2SHSR5335PS001179	Motor Vehicle	2023 CIMC COOL GLOBE	37139987	

Registration Details for Registration Number: 37289949

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	37289949	2023-01-06 11:17	2027-01-06	21708

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Individual
 KAUR, RAJPREET
 26 NANCY MCCREDIE RD.
 BRAMPTON ON L6X2N5
 Canada
 Date of Birth (YYYY-MM-DD): 1995-06-14

Type: Enterprise

ALPHA CANIS LTD.
3 MEZZO STREET
BRAMPTON ON L6P4C4
Canada

Secured Parties

Type: Enterprise
BVD EQUIPMENT FINANCE INC.
8177 TORBRAM RD.
BRAMPTON ON L6T5C5
Canada

General Collateral

INCLUDES ALL ATTACHMENTS, ACCESSORIES AND UPGRADES

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
3HSDZAPR7KN314019	Motor Vehicle	2019 INTERNATIONAL LT625	37289949	
3HSDZAPR8KN329452	Motor Vehicle	2019 INTERNATIONAL LT625	37289949	

Registration Details for Registration Number: 28504546

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	28504546	2017-11-01 16:49	2023-11-01	H5873

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA CHEMICAL LIMITED
40 PETTIPAS DRIVE
DARTMOUTH NS B3B1K2
Canada

Secured Parties

Type: Enterprise
O'REGAN CHEVROLET BUICK GMC CADILLAC LIMITED
KROEGER, ANGELA PHYLLIS

SECRETARY
 3224 Kempt Road
 Halifax NS B3K4X1
 Canada
 Phone #: 902-469-3334
 Fax #: 902-465-1226

General Collateral

The goods of debtor described herein by vehicle identification number or serial number, as applicable, together with all present and after-acquired attachments, accessories and accessions thereto and all proceeds related to the foregoing.

ADDED TONNEAU COVER AND SIDE RAILS

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GC1KUEG3HF192146	Motor Vehicle	2017 CHEVROLET SILVERADO 2500	28504546	

Registration Details for Registration Number: 28653103

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	28653103	2017-12-06 09:23	2023-12-06	H5924

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 ALPHA CHEMICAL LIMITED
 40 PETTIPAS DRIVE
 DARTMOUTH NS B3B1K2
 Canada

Secured Parties

Type: Enterprise
 O'REGAN CHEVROLET BUICK GMC CADILLAC LIMITED
 KROEGER, ANGELA PHYLLIS
 SECRETARY
 3224 Kempt Road
 Halifax NS B3K4X1
 Canada

Phone #: 902-469-3334

Fax #: 902-465-1226

General Collateral

The goods of debtor described herein by vehicle identification number or serial number, as applicable, together with all present and after-acquired attachments, accessories and accessions thereto and all proceeds related to the foregoing.

ADD TONNEAU, REMOTE START, SIDE RAILS

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GC1KUEG2HF191036	Motor Vehicle	2017 CHEVROLET SILVERADO 2500	28653103	

Registration Details for Registration Number: 28932135

Province or Territory: Nova Scotia

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	28932135	2018-02-20 09:10	2024-02-20	H6004

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA CHEMICAL LIMITED
40 PETTIPAS DRIVE
DARTMOUTH NS B3B1K2
Canada

Secured Parties

Type: Enterprise
O'REGAN CHEVROLET BUICK GMC CADILLAC LIMITED
KROEGER, ANGELA PHYLLIS
SECRETARY
3224 Kempt Road
Halifax NS B3K4X1
Canada
Phone #: 902-469-3334
Fax #: 902-465-1226

General Collateral

The goods of debtor described herein by vehicle identification number or serial number, as applicable, together with all present and after-acquired attachments, accessories and accessions thereto and all proceeds related to the foregoing.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
5XYPHDA1XJG392504	Motor Vehicle	2018 KIA SORENTO	28932135	

Registration Details for Registration Number: 29557717

Province or Territory: Nova Scotia

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	29557717	2018-06-08 13:01	2024-06-08	1754637-DL1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 ALPHA CHEMICAL LIMITED
 191 JOSEPH ZATMAN DRIVE
 DARMOUTH NS B3B 1M5
 Canada

Secured Parties

Type: Enterprise
 DE LAGE LANDEN FINANCIAL SERVICES CANADA INC.
 3450 Superior Court, Unit 1
 Oakville ON L6L 0C4
 Canada

General Collateral

All personal property of the debtor described herein by vehicle identification number or serial number, as applicable, wherever situated, together with all parts and accessories relating thereto, all attachments, accessories and accessions thereto or thereon, all replacements, substitutions, additions and improvements of all or any part of the foregoing and all proceeds in any form derived therefrom. Proceeds: all of the debtor's present and after acquired identifiable or traceable personal property that is derived, directly or indirectly, from any dealing with or disposition of the above-described collateral or proceeds of the above described collateral and in which the debtor acquires an interest, including without limitation, all insurance and other payments that represent

indemnity or compensation for loss or damage to the above described collateral or proceeds of the above described collateral, or a right to such payments, accounts, rents or other payments arising from the lease or rental of the above described collateral or proceeds of the above described collateral, a payment made in total or partial discharge or redemption of chattel paper, investment property, an instrument or an intangible, rights arising out of, or property collected on, or distributed on account of, collateral that is investment property, and goods, documents of title, chattel paper, investment property, instruments, money or intangibles.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
HHKHFY08JJ0000925	Motor Vehicle	2018 HYUNDAI / 20BT-9	29557717	

Registration Details for Registration Number: 30801690

Province or Territory: Nova Scotia

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	30801690	2019-03-05 09:29	2024-03-05	L14621

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 ALPHA CHEMICAL LIMITED
 40 PETTIPAS DRIVE
 DARTMOUTH NS B3B 1K2
 Canada

Secured Parties

Type: Enterprise
 O'REGAN MOTORS LIMITED
 KROEGER, ANGELA PHYLLIS
 SECRETARY
 402 WINDMILL RD
 Dartmouth NS B3A 1J7
 Canada
 Phone #: 902-469-3334
 Fax #: 902-465-1226

General Collateral

The goods of the debtor described herein by vehicle identification number or serial number, as applicable, together with all present and after-acquired attachments, accessories and accessions thereto and all proceeds relating to any of the foregoing.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
5XYPGDA32KG455360	Motor Vehicle	2019 KIA SORENTO LX AWD	30801690	

Registration Details for Registration Number: 13708201

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	13708201	2008-04-04 18:58	2013-04-04	948318-CN9
Renewal	20895736	2013-03-04 10:31	2018-04-04	
Renewal	28992543	2018-03-05 10:51	2023-04-04	
Renewal	37515178	2023-03-06 13:04	2028-04-04	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Individual
 Jones, Tyler Scott
 1460 Belcher Street
 Port Williams NS B0P 1T0
 Canada
 Date of Birth (YYYY-MM-DD): 1975-06-05

Type: Enterprise
 Alpha Chiropractic Clinic
 1460 Belcher Street
 Port Williams NS B0P 1T0
 Canada

Secured Parties

Type: Enterprise
 The Bank Of Nova Scotia - 51193 Atlantic Document Centre
 1465 Brenton St, 4 Fl, Ste 401
 Halifax NS B3J 3T4
 Canada
 Fax #: 902-474-7009

General Collateral

All the debtors present personal property and personal property acquired in the future, including inventory, furniture, fixtures, office equipment, industrial equipment, machinery, plant, tools, vehicles, intangible personal

property, securities, documents of title, instruments, chattel paper, money and accounts receivable. All the debtors records relating to the business and the property that is secured and all proceeds that are present or after-acquired personal property.

Registration Details for Registration Number: 32503690

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	32503690	2020-03-03 14:51	2026-03-03	2978215

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALPHA CHIROPRACTIC CLINIC INCORPORATED
1460 BELCHER STREET
Port Williams NS B0P1T0
Canada

Secured Parties

Type: Enterprise
CWB NATIONAL LEASING INC.
1525 BUFFALO PLACE
WINNIPEG MB R3T 1L9
Canada
Phone #: 204-954-9000
Fax #: 866-814-4752

General Collateral

ALL CHIROPRACTIC MEDICAL EQUIPMENT-CHIROPRACTIC SYSTEM OF EVERY NATURE OR KIND DESCRIBED IN AGREEMENT NUMBER 2978215, BETWEEN THE SECURED PARTY AND THE DEBTOR, AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, SUBSTITUTIONS AND PROCEEDS OF ANY KIND DERIVED DIRECTLY OR INDIRECTLY THEREFROM.

Registration Details for Registration Number: 35751056

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	35751056	2022-02-02 12:28	2027-02-02	627818-20220202-NS

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 ALPHA CO CORP
 2618 ST JOSEPH BLVD, SUITE 200
 OTTAWA ON K1C1G3
 Canada

Secured Parties

Type: Enterprise
 PENSKE TRUCK LEASING CANADA INC
 RT 10 GREEN HILLS, PO BOX 791
 READING PA 19603
 USA

Type: Enterprise
 LOCATIONS DE CAMIONS PENSKE CANADA INC
 RT 10 GREEN HILLS, PO BOX 791
 READING PA 19603
 USA

General Collateral

TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS THERETO, INCLUDING, BUT NOT LIMITED TO XATA AND QUALCOMM SYSTEMS, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
2AYNE8JV4K3S18835	Motor Vehicle	2019 HINO TRUCK 268	35751056	
2AYNE8JV1K3S18842	Motor Vehicle	2019 HINO TRUCK 268	35751056	
1HTMMMMM9KH647806	Motor Vehicle	2019 INTERNATIONAL 4300	35751056	

Registration Details for Registration Number: 35505643

Province or Territory: Nova Scotia

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	35505643	2021-12-01 11:23	2026-12-01	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Individual
Genkin, Denis
100 Forestglen Drive
Timberlea NS B3T 1J5
Canada

Type: Individual
Rizi, Igor
100 Forestglen Drive
Timberlea NS B3T 1J5
Canada

Type: Individual
Tanglichev, Rouslan
100 Forestglen Drive
Timberlea NS B3T 1J5
Canada

Type: Individual
Laiter, Leon
100 Forestglen Drive
Timberlea NS B3T 1J5
Canada

Type: Individual
Khusainov, Michael
100 Forestglen Drive
Timberlea NS B3T 1J5
Canada

Type: Enterprise
Alpha Meridian Construction Group Inc.
100 Forestglen Drive
Timberlea NS B3T 1J5
Canada

Secured Parties

Type: Enterprise
 Credit Union Atlantic Limited
 CUA Commercial Centre
 7105 Chebucto Road
 Suite 350
 Halifax NS B3L 4W8
 Canada

General Collateral

Borrower: Alpha Meridian Construction Group Inc.

Guarantors: Denis Genkin, Igor Rizi, Rouslan Tanglichev, Leon Laiter & Michael Khusainov

1st position General Security Agreement covering site specific assets." Mortgages and charges as a fixed and specific charge and assigns and transfers to the Lender a general and continuing security interest in all of the Borrower's present and after acquired personal property at 108 and 110 First Street, Middle Sackville, Nova Scotia"

"General Assignment of Rents and Leases and General Security on all present and after acquired personal property at 108 and 110 First Street, Middle Sackville, Nova Scotia"

Registration Details for Registration Number: 37854155

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	37854155	2023-05-17 08:46	2028-05-17	53428274

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Individual
 BASHAJAN, ABIDALIKHAN A
 4 Capstone Cres
 Bedford NS B4B 0H2
 Canada
 Date of Birth (YYYY-MM-DD): 1975-04-14

Type: Individual
BASHA JAN, ABID ALI KHAN
4 Capstone Cres
Bedford NS B4B 0H2
Canada
Date of Birth (YYYY-MM-DD): 1975-04-14

Type: Individual
KHAN, ABID ALI
4 Capstone Cres
Bedford NS B4B 0H2
Canada
Date of Birth (YYYY-MM-DD): 1975-04-14

Type: Individual
BASHA, ABID ALI KHAN A
4 Capstone Cres
Bedford NS B4B 0H2
Canada
Date of Birth (YYYY-MM-DD): 1975-04-14

Type: Individual
BASHA JAN, ABID ALI
4 Capstone Cres
Bedford NS B4B 0H2
Canada
Date of Birth (YYYY-MM-DD): 1975-04-14

Type: Individual
Basha Jan, Abid-Ali-Khan
4 Capstone Cres
Bedford NS B4B 0H2
Canada
Date of Birth (YYYY-MM-DD): 1975-04-14

Type: Individual
BASHA JAN, ABID ALI
4 Capstone Cres
Bedford NS B4B 0H2
Canada
Date of Birth (YYYY-MM-DD): 1975-04-14

Type: Individual
BASHA, ABID ALI
4 Capstone Cres
Bedford NS B4B 0H2
Canada
Date of Birth (YYYY-MM-DD): 1975-04-14

Type: Enterprise
Alpha Nova Fire Sprinkler Services INC.
4 Capstone Cres
Bedford NS B4B 0H2
Canada

Secured Parties

Type: Enterprise
 VW Credit Canada Inc.
 500-1340 Pickering Pky
 Pickering ON L1V 0C4
 Canada

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1V2FR2CA9PC533679	Motor Vehicle	2023 Volkswagen Atlas Execline	37854155	

Additional Information

The full debtor name is: ABID ALI KHAN BASHA JAN
 The full debtor name is: ABID ALI KHAN A BASHA

Registration Details for Registration Number: 17742495

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	17742495	2011-02-25 11:15	2036-02-25	GE-556
Renewal	22993935	2014-07-03 18:02	2040-02-25	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 Alpha Optical Limited
 720 Sackville Drive
 Lower Sackville NS B4E 3A4
 Canada

Secured Parties

Type: Enterprise
 Business Development Bank of Canada
 Cogswell Tower, Suite 1400
 2000 Barrington Street
 Halifax NS B3J 3Z7
 Canada

General Collateral

A security interest is taken in the Security Interests of the Debtor defined as follows:

The Debtor mortgages and charges as a fixed and specific charge, and assigns and transfers to the Bank, and grants to the Bank a general and continuing security interest in all of the Borrower's present and after acquired personal property including, without limitation:

(i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");

(ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");

(iii) all debts, accounts, claims, demands, moneys and choses in action which now are, or which may at any time be, due or owing to or owned by the Borrower and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, moneys and choses in action (all of which is collectively called the "Accounts");

(iv) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Borrower that is not Equipment, Inventory or Accounts;

(v) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Borrower (all of which is collectively called the "Intellectual Property");

(vi) all the Borrower's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Borrower, and all other intangible property of the Borrower, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;

(vii) the personal property described in Schedule "A" attached to this Agreement and all additions thereto and replacements thereof; and

(viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;

The Debtor grants to the Bank a general and continuing security interest and charges by way of a floating charge:

(i) all of the undertaking and assets of the Borrower, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of the Bank created pursuant to this Clause 1.1.

Registration Details for Registration Number: 18261818

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	18261818	2011-06-29 14:58	2016-06-29	1252818-CN9
Renewal	26019323	2016-05-30 10:59	2021-06-29	
Renewal	34571737	2021-05-31 13:36	2026-06-29	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
Alpha Optical Limited
720 Sackville Dr
Lower Sackville NS B4E 3A4
Canada

Secured Parties

Type: Enterprise
The Bank of Nova Scotia
1465 Brenton Street
Halifax NS B3J 3T4
Canada

General Collateral

All present and after-acquired personal property of the debtor and all proceeds that are present or after-acquired personal property.

Registration Details for Registration Number: 22677470

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	22677470	2014-05-01 13:49	2019-05-01	1467031-CT9
Renewal	30839468	2019-03-13 18:23	2024-05-01	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 ALPHA PLUMBING & HEATING LIMITED
 2472 HARVARD ST
 HALIFAX NS B3L 2T1
 Canada

Secured Parties

Type: Enterprise
 THE TORONTO-DOMINIION BANK - 00363
 6239 Quinpool Road
 Halifax NS B3L 1A4
 Canada

General Collateral

ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY

Registration Details for Registration Number: 32891046

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	32891046	2020-06-12 16:52	2026-06-12	L2968

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Individual
 Bistekos, Michael
 2472 Harvard Street
 Halifax NS B3L 2T1
 Canada
 Date of Birth (YYYY-MM-DD): 1964-02-10

Type: Enterprise
 Alpha Plumbing & Heating Limited
 Bistekos, Michael
 President
 2472 Harvard Street
 Halifax NS B3L 2T1

Canada

Secured Parties

Type: Enterprise
 BRUCE AUTOMOTIVE GROUP NS LIMITED
 Barker, Justin
 President
 PO Box 970
 90 Commercial Street
 Middleton NS B0S 1P0
 Canada
 Phone #: 902-825-3494
 Fax #: 902-825-2525

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FTYE9ZM1KKB80479	Motor Vehicle	2019 Ford Transit 150 LR130 Silver	32891046	

Additional Information

Includes special order Rubber Bed Mat

Registration Details for Registration Number: 31190499

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	31190499	2019-05-22 16:46	2026-05-22	SM003785.56

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 ALPHA REALTY LIMITED
 323 PARKLAND DRIVE
 Halifax NS B3S 1L6
 Canada

Secured Parties

Type: Enterprise
 INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.

ATTENTION: MORTGAGE DEPARTMENT
 1080 GRAND-ALLEE WEST
 Quebec City QC G1K 7M3
 Canada

General Collateral

A SECURITY INTEREST IS TAKEN IN ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY CONSISTING OF ALL GOODS (INCLUDING ALL PARTS, ACCESSORIES, ATTACHMENTS, SPECIAL TOOLS, ADDITIONS AND ACCESSORIES THERETO), CHATTEL PAPER, DOCUMENTS OF TITLE (WHETHER NEGOTIABLE OR NOT), INSTRUMENTS, INTANGIBLES, MONEY AND INVESTMENT PROPERTY NOW OWNED OR HEREAFTER OWNED OR ACQUIRED BY OR ON BEHALF OF THE DEBTOR (INCLUDING SUCH AS MAY BE RETURNED TO OR REPOSSESSED BY THE DEBTOR) NOW OR HEREAFTER SITUATE ON, USED IN CONNECTION WITH OR ARISING FROM THE BUSINESS OR AFFAIRS CARRIED ON, AT OR ABOUT THE REAL PROPERTY LOCATED AT OR ABOUT 323 PARKLAND DRIVE, HALIFAX, NS (PID 40848905) AND IN ALL PROCEEDS AND RENEWALS THEREOF, ACCRETIONS THERETO AND SUBSTITUTIONS THEREFORE.

Registration Details for Registration Number: 36027845

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	36027845	2022-04-05 08:51	2027-04-05	45178433

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Individual
 Broide, Ohad
 15 SIME CT
 HAMMONDS PLAINS NS B4B1K1
 Canada
 Date of Birth (YYYY-MM-DD): 1977-03-28

Type: Enterprise
 Alpha Value Boutique Inc.
 15 SIME CT
 HAMMONDS PLAINS NS B4B1K1
 Canada

Secured Parties

Type: Enterprise

The Bank of Nova Scotia
10 Wright Boulevard
Stratford ON N5A7X9
Canada

General Collateral

OUR SECURITY INTEREST IS LIMITED TO THE MOTOR VEHICLES LISTED ABOVE AND THE PROCEEDS OF THOSE VEHICLES

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
KM8R2DHE2NU433498	Motor Vehicle	2022 Hyundai Palisade	36027845	

END OF REPORT

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713191210.94

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(2548)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

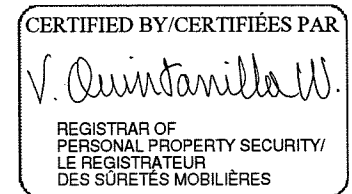
SEARCH CONDUCTED ON : ALEAFIA INC.

FILE CURRENCY : 12JUL 2023

ENQUIRY NUMBER 20230713191210.94 CONTAINS 9 PAGE(S), 4 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

AIRD & BERLIS LLP
ATTN: SHANNON MORRIS
HOLD FOR PICK UP
TORONTO ON M5J2T9



(crj6 05/2022)

CONTINUED...

2



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713191210.94

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(2549)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
785999772

01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 1 20220822 1147 1793 6266 P PPSA 5

02 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME
03 ALEAFIA INC.
04 85 BASAL TIC ROAD CONCORD ON L4K1G4 ONTARIO CORPORATION NO.

05 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME
06 ONTARIO CORPORATION NO.
07 ADDRESS
08 SECURED PARTY / LIEN CLAIMANT 1260356 ONTARIO LIMITED
09 100 ZENWAY BOULEVARD WOODBRIDGE ON L4H2Y7

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
X X X X X

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT AIRD & BERLIS LLP (172723)
17 ADDRESS 181 BAY STREET, SUITE 1800 TORONTO ON M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(ej1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713191210.94

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(2550)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
784253295

01 CAUTION FILING 001 PAGE NO. OF 1 TOTAL PAGES 1 MOTOR VEHICLE SCHEDULE 20220623 REGISTRATION NUMBER 0957 1793 1945 REGISTERED UNDER P PPSA REGISTRATION PERIOD 10

02 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME
03 ALEAFIA INC.
04 85 BASALTIC ROAD CONCORD ONTARIO CORPORATION NO. ON L4K1G4

05 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME
06
07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT COMPUTERSHARE TRUST COMPANY OF CANADA
09 100 UNIVERSITY AVE, 8TH FLOOR TORONTO ON M5J2Y1

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
X X X X X

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT AIRD & BERLIS LLP (172723)
17 181 BAY STREET, SUITE 1800 TORONTO ON M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713191210.94

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 4
(2551)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
779149098

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	2		20211220 1041 1590 0439	P PPSA	5

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

02 DEBTOR NAME
03 BUSINESS NAME ALEAFIA INC.

04 ADDRESS 85 BASALTIC ROAD CONCORD ON L4K 1G4
ONTARIO CORPORATION NO.

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

05 DEBTOR NAME
06 BUSINESS NAME

07 ADDRESS
ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT NE SPC II LP

09 ADDRESS C/O NEXT EDGE CAPITAL, 1 TORONTO ST., TORONTO ON M5C 2V6

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
X	X	X	X	X			

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

11 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT CHAITONS LLP (LL/68775)

17 ADDRESS 5000 YONGE STREET, 10TH FLOOR TORONTO ON M2N 7E9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713191210.94

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 5
(2552)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
779149098

01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
002 2 20211220 1041 1590 0439

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

04 ADDRESS ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS SUITE 200

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

6

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
 RUN DATE : 2023/07/13
 ID : 20230713191210.94

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 6
 (2553)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : ALEAFIA INC.
 FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20230607 1039 1590 6677	
21	RECORD REFERENCED	FILE NUMBER	779149098		
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED D ASSIGNMENT	RENEWAL YEARS
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	ALEAFIA INC.		
25	OTHER CHANGE REASON/ DESCRIPTION				
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/	TRANSFEREE	BUSINESS NAME			ONTARIO CORPORATION NO.
04/07		ADDRESS			
29	ASSIGNOR		NE SPC II LP		
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE		RED WHITE & BLOOM BRANDS INC.		
09		ADDRESS	789 WEST PENDER STREET, SUITE 810	VANCOUVER	BC V6C 1H2
10	COLLATERAL CLASSIFICATION				
		CONSUMER GOODS	MOTOR VEHICLE	DATE OF MATURITY	NO FIXED MATURITY DATE
		INVENTORY	EQUIPMENT	ACCOUNTS	OTHER
		YEAR	MAKE	MODEL	V. I. N.
11	MOTOR VEHICLE				
12	GENERAL				
13	COLLATERAL DESCRIPTION				
14	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT		GOWLING WLG (CANADA) LLP (K. SCARROW / T. DI - T1032747)		
15		ADDRESS	1600-1 FIRST CANADIAN PLACE 100 KING STR TORONTO	ON	M5X 1G5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 7

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR
 DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713191210.94

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 7
(2554)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA INC.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
744424677

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20181003 1131 2203 9694	P PPSA	05

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

02	DEBTOR NAME	BUSINESS NAME	ALEAFIA INC.		ONTARIO CORPORATION NO.
03					
04	ADDRESS	8810 JANE STREET	VAUGHAN	ON	L4K 2M9

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

05	DEBTOR NAME	BUSINESS NAME			ONTARIO CORPORATION NO.
06					
07	ADDRESS				

08	SECURED PARTY / LIEN CLAIMANT	INDCOM LEASING INC.			
09	ADDRESS	5061 URE ST.	OLDCASTLE	ON	NOR 1L0

COLLATERAL CLASSIFICATION		MOTOR VEHICLE	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	INCLUDED	

MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.
---------------	------	------	-------	--------

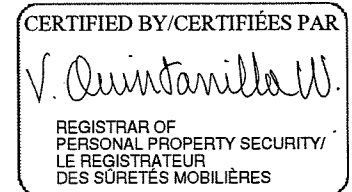
11	MOTOR VEHICLE	ONE CANON IR ADV WITH ALL ACCESSORIES AND ATTACHMENTS		
12				
13	GENERAL COLLATERAL DESCRIPTION			

14	REGISTERING AGENT	ADDRESS
15		
16		
17		

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

8



(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713191210.94

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 8
(2555)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA INC.
FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	
01	001	1		20181004 1521 2203 9695		
21	RECORD REFERENCED	FILE NUMBER	744424677			
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED A AMENDMENT	RENEWAL YEARS	CORRECT PERIOD
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME		
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	ALEAFIA INC.			
25	OTHER CHANGE REASON/ DESCRIPTION	AMEND DEBTOR NAME				
02/		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR/ TRANSFEREE	BUSINESS NAME	ALEAFIA HEALTH INC.			
04/07		ADDRESS	440 - 5591 SPRING GARDEN ROAD	HALIFAX	ONTARIO CORPORATION NO. NS B3H 1Y6	
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE				
08		ADDRESS				
10	COLLATERAL CLASSIFICATION	CONSUMER GOODS	MOTOR VEHICLE INCLUDED	DATE OF MATURITY	NO FIXED MATURITY DATE	
11	MOTOR VEHICLE GENERAL	YEAR MAKE	MODEL	V.I.N.		
16	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT	ADDRESS	INDCOM LEASING INC. 5061 URE ST.	OLDCASTLE	ON	NOR 1L0

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 9

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713191210.94

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 9
(2556)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ALEAFIA INC.
FILE CURRENCY : 12JUL 2023

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
785999772	20220822 1147 1793 6266			
784253295	20220623 0957 1793 1945			
779149098	20211220 1041 1590 0439	20230607 1039 1590 6677		
744424677	20181003 1131 2203 9694	20181004 1521 2203 9695		

6 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj6 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713124016.42

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(2536)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

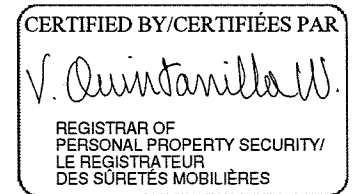
SEARCH CONDUCTED ON : ALEAFIA RETAIL INC.

FILE CURRENCY : 12JUL 2023

ENQUIRY NUMBER 20230713124016.42 CONTAINS 1 PAGE(S), 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

AIRD & BERLIS LLP
ATTN: SHANNON MORRIS
HOLD FOR PICK UP
TORONTO ON M5J2T9



(crfj6 05/2022)

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Newfoundland and Labrador
Type of Search:	Debtors (Enterprise)
Search Criteria:	CANABO MEDICAL CORPORATION
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-14 10:49 (Atlantic)
Transaction Number:	24567295
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
*	*	19513423	CANABO MEDICAL CORPORATION	CONCORD

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 1 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 19513423

Province or Territory: Newfoundland and Labrador

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	19513423	2021-12-23 11:12	2026-12-23	372471876
Amendment	20869350	2023-06-13 13:24	2026-12-23	372471876

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALEAFIA HEALTH INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CANNABIS CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA FARMS INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CORP.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
CANABO MEDICAL CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Secured Parties

The Secured Party below was deleted by registration number 20869350

Type: Enterprise
~~NE SPC II LP
G/O NEXT EDGE CAPITAL
1 TORONTO STREET
SUITE 200
TORONTO ON M5C 2V6
Canada~~

The Secured Party below was added by registration number 20869350

Type: Enterprise
Red White & Bloom Brands Inc.
789 WEST PENDER STREET
SUITE 810
VANCOUVER BC V6C 1H2
Canada

General Collateral

a security interest is taken in all of the debtor's present and after-acquired personal property

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Nova Scotia
Type of Search:	Debtors (Enterprise)
Search Criteria:	CANABO MEDICAL CORPORATION
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-14 10:47 (Atlantic)
Transaction Number:	24567279
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
*	*	35605963	CANABO MEDICAL CORPORATION	CONCORD

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 1 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 35605963

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	35605963	2021-12-23 11:10	2026-12-23	372472576
Amendment	37992005	2023-06-13 13:29	2026-12-23	372472576

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALEAFIA HEALTH INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CANNABIS CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA FARMS INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CORP.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
CANABO MEDICAL CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Secured Parties

The Secured Party below was deleted by registration number 37992005

Type: Enterprise
~~NE SPC II LP
G/O NEXT EDGE CAPITAL
1 TORONTO STREET
SUITE 200
TORONTO ON M5C 2V6
Canada~~

The Secured Party below was added by registration number 37992005

Type: Enterprise
Red White & Bloom Brands Inc.
789 WEST PENDER STREET
SUITE 810
VANCOUVER BC V6C 1H2
Canada

General Collateral

a security interest is taken in all of the debtor's present and after-acquired personal property

END OF REPORT

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123953.16

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(2528)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

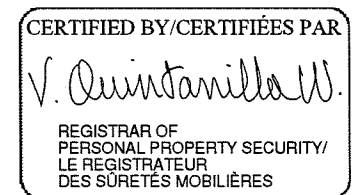
SEARCH CONDUCTED ON : CANABO MEDICAL CORPORATION

FILE CURRENCY : 12JUL 2023

ENQUIRY NUMBER 20230713123953.16 CONTAINS 7 PAGE(S), 3 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

AIRD & BERLIS LLP
ATTN: SHANNON MORRIS
HOLD FOR PICK UP
TORONTO ON M5J2T9



(crf6 05/2022)

CONTINUED... 2



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123953.16

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(2529)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CANABO MEDICAL CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
785999763

01 CAUTION PAGING TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
PILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20220822 1146 1793 6265 P PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME CANABO MEDICAL CORPORATION

04 ADDRESS 85 BASALTIC ROAD CONCORD ON L4K1G4 ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT 1260356 ONTARIO LIMITED

09 ADDRESS 100 ZENWAY BOULEVARD WOODBRIDGE ON L4H2Y7

COLLATERAL CLASSIFICATION

10 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X X

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

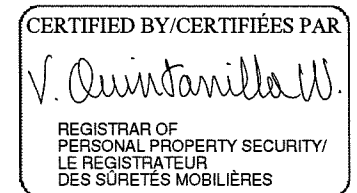
13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AIRD & BERLIS LLP (172723)
AGENT

17 ADDRESS 181 BAY STREET, SUITE 1800 TORONTO ON M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3



(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123953.16

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(2530)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CANABO MEDICAL CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
784253457

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20220623 0957 1793 1946	P PPSA	10

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

02 DEBTOR NAME
03 BUSINESS NAME CANABO MEDICAL CORPORATION

04 ADDRESS 85 BASALTIC ROAD CONCORD ON L4K1G4
ONTARIO CORPORATION NO.

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

05 DEBTOR NAME
06 BUSINESS NAME

07 ADDRESS
ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT COMPUTERSHARE TRUST COMPANY OF CANADA

09 ADDRESS 100 UNIVERSITY AVE, 8TH FLOOR TORONTO ON M5J2Y1

COLLATERAL CLASSIFICATION

CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
	X		X	X	X	X			

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

11 MOTOR VEHICLE

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT AIRD & BERLIS LLP (172723)

17 ADDRESS 181 BAY STREET, SUITE 1800 TORONTO ON M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123953.16

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 4
(2531)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CANABO MEDICAL CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
779149044

01 CAUTION PAGING TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 2 20211220 1039 1590 0438 P PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME CANABO MEDICAL CORPORATION

04 ADDRESS 85 BASALTIC ROAD CONCORD ON L4K 1G4
ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME
07 ADDRESS
ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT NE SPC II LP

09 ADDRESS C/O NEXT EDGE CAPITAL, 1 TORONTO ST., TORONTO ON M5C 2V6

COLLATERAL CLASSIFICATION

10 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X X

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT CHAITONS LLP (LL/68775)

17 ADDRESS 5000 YONGE STREET, 10TH FLOOR TORONTO ON M2N 7E9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123953.16

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 5
(2532)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CANABO MEDICAL CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
779149044

01 CAUTION PAGING TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
002 2 20211220 1039 1590 0438

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME

04 ADDRESS

ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 ADDRESS

ONTARIO CORPORATION NO.

08 SECURED PARTY /
LIEN CLAIMANT

09 ADDRESS SUITE 200

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL

14 COLLATERAL

15 DESCRIPTION

16 REGISTERING

17 AGENT

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

6

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123953.16

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 6
(2533)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CANABO MEDICAL CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER		
01		001	1	20230607 1040 1590 6678			
21	RECORD REFERENCED	FILE NUMBER	779149044				
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED D ASSIGNMENT	RENEWAL YEARS	CORRECT PERIOD	
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME		
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	CANABO MEDICAL CORPORATION				
25	OTHER CHANGE REASON/ DESCRIPTION						
02/05	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME		
03/06		BUSINESS NAME					
04/07		ADDRESS	ONTARIO CORPORATION NO.				
29	ASSIGNOR	NE SPC II LP					
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE	RED WHITE & BLOOM BRANDS INC.					
09		ADDRESS	789 WEST PENDER STREET, SUITE 810	VANCOUVER	BC	V6C 1H2	
10	COLLATERAL CLASSIFICATION	CONSUMER	MOTOR VEHICLE	DATE OF MATURITY	OR	NO FIXED MATURITY DATE	
11	MOTOR VEHICLE GENERAL COLLATERAL DESCRIPTION	YEAR	MAKE	MODEL	V.I.N.		
16	REGISTERING AGENT OR SECURED PARTY/LIEN CLAIMANT	ADDRESS	GOWLING WLG (CANADA) LLP (K. SCARROW / T. DI - T1032747) 1600-1 FIRST CANADIAN PLACE 100 KING STR TORONTO				ON M5X 1G5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

7

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(cr)2fv 05/2022



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123953.16

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 7
(2534)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CANABO MEDICAL CORPORATION
FILE CURRENCY : 12JUL 2023

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
785999763	20220822 1146 1793 6265			
784253457	20220623 0957 1793 1946			
779149044	20211220 1039 1590 0438	20230607 1040 1590 6678		

4 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



(crf)6 05/2022)

**Personal Property Registry
Search Results Report**

Page 1 of 1

Search ID #: Z16353306

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 118-308357-TDOLNY

Search ID #: Z16353306

Date of Search: 2023-Jul-13

Time of Search: 10:40:48

Business Debtor Search For:

EMBLEM CANNABIS CORPORATION

No Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

Result Complete



Business Debtor - "EMBLEM CANNABIS CORPORATION"

Search Date and Time: July 13, 2023 at 9:39:52 am Pacific time
Account Name: Not available.
Folio Number: 118-308357-TDOLNY

NIL RESULT

0 Matches in 0 Registrations in Report

Exact Matches: 0 (*)

Total Search Report Pages: 0

The search returned a NIL result. 0 registrations were found.

No registered liens or encumbrances have been found on file that match EXACTLY to the search criteria listed above and no similar matches to the criteria have been found.

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Newfoundland and Labrador
Type of Search:	Debtors (Enterprise)
Search Criteria:	EMBLEM CANNABIS CORPORATION
Date and Time of Search (YYYY-MM-DD hh:mm):	2023-07-14 10:38 (Atlantic)
Transaction Number:	24567223
Searched By:	W175316

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
*	*	19513423	EMBLEM CANNABIS CORPORATION	CONCORD

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 1 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 19513423

Province or Territory: Newfoundland and Labrador

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	19513423	2021-12-23 11:12	2026-12-23	372471876
Amendment	20869350	2023-06-13 13:24	2026-12-23	372471876

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ALEAFIA HEALTH INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CANNABIS CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA FARMS INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
EMBLEM CORP.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
CANABO MEDICAL CORPORATION
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Type: Enterprise
ALEAFIA INC.
85 BASALTIC ROAD
CONCORD ON L4K 1G4
Canada

Secured Parties

The Secured Party below was deleted by registration number 20869350

Type: Enterprise
~~NE SPC II LP
G/O NEXT EDGE CAPITAL
1 TORONTO STREET
SUITE 200
TORONTO ON M5C 2V6
Canada~~

The Secured Party below was added by registration number 20869350

Type: Enterprise
Red White & Bloom Brands Inc.
789 WEST PENDER STREET
SUITE 810
VANCOUVER BC V6C 1H2
Canada

General Collateral

a security interest is taken in all of the debtor's present and after-acquired personal property

END OF REPORT

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(2478)

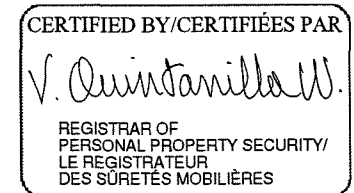
THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

ENQUIRY NUMBER 20230713123912.66 CONTAINS 27 PAGE(S), 8 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

AIRD & BERLIS LLP
ATTN: SHANNON MORRIS
HOLD FOR PICK UP
TORONTO ON M5J2T9



(crfj6 05/2022)

CONTINUED... 2



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(2479)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
791240319

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	2		20230306 1235 1793 1615	P PPSA	2

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	ONTARIO CORPORATION NO.
		EMBLEM CANNABIS CORPORATION			
		ADDRESS: 20 WOODSLEE AVE.		PARIS	ON N3L3N6

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	ONTARIO CORPORATION NO.
		ADDRESS:			

SECURED PARTY / LIEN CLAIMANT	ADDRESS				
	226 INDUSTRIAL PARKWAY NORTH, UNIT #3	AURORA		ON	L4G4C3

COLLATERAL CLASSIFICATION	CONSUMER	MOTOR VEHICLE	AMOUNT	DATE OF MATURITY	NO FIXED MATURITY DATE
		GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	398904	31MAR2025	

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.

GENERAL	COLLATERAL DESCRIPTION
2023 - CAM - CMHW16 - 2108007MW16	2023 - CAM - CPF-2300-SO - CPF-2300-SO
2023 - CAM - CR8-250Z - 2006003PB	

REGISTERING AGENT	ADDRESS				
	226 INDUSTRIAL PARKWAY NORTH, UNIT #3	AURORA		ON	L4G4C3

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(2480)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
791240319

01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
002 2 20230306 1235 1793 1615

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME ONTARIO CORPORATION NO.
04 ADDRESS

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT

09 ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL 2023 - CAM - CCW-2500 - 2211004CW
14 COLLATERAL 2023 - CAM - VIB - 2006001FB
15 DESCRIPTION

16 REGISTERING AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 4
(2481)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
787871862

CAUTION PILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	2		20221025 1748 1532 7310	P PPSA	5

DEBTOR NAME	DATE OF BIRTH	BUSINESS NAME	FIRST GIVEN NAME	INITIAL	SURNAME	ONTARIO CORPORATION NO.
		EMBLEM CANNABIS CORPORATION				
		ADDRESS	20 WOODSLEE AVENUE		PARIS	ON N3L 3N6

DEBTOR NAME	DATE OF BIRTH	BUSINESS NAME	FIRST GIVEN NAME	INITIAL	SURNAME	ONTARIO CORPORATION NO.
		ADDRESS				
		SECURED PARTY / LIEN CLAIMANT	CROWN LIFT TRUCKS ULC			
		ADDRESS	210 ANNAGEM BLVD.		MISSISSAUGA	ON L5T 2V5

COLLATERAL CLASSIFICATION		CONSUMER	MOTOR VEHICLE	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
		GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED
			X		X		X

MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.

GENERAL COLLATERAL DESCRIPTION
ONE USED 2014 CROWN C51050-50 LIFT TRUCK(S), TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS IN ANY FORM

REGISTERING AGENT	ADDRESS	CSRS	BURNABY	BC	V5G 3S8
	4126 NORLAND AVE				

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 5
(2482)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
787871862

01 CAUTION FILING PAGE NO. OF PAGES TOTAL MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
002 2 20221025 1748 1532 7310

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME ONTARIO CORPORATION NO.
04 ADDRESS

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / RYDER MATERIAL HANDLING ULC
09 LIEN CLAIMANT ADDRESS 210 ANNAGEM BOULEVARD MISSISSAUGA ON L5T 2V5

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE
14 COLLATERAL SERIAL NUMBER(S) - 9A209070
15 DESCRIPTION

16 REGISTERING AGENT ADDRESS
17

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

6

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(ej1fv 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 6
(2483)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
785999754

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20220822 1146 1793 6264	P PPSA	5

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

02	DEBTOR NAME	BUSINESS NAME	EMBLEM CANNABIS CORPORATION		ONTARIO CORPORATION NO.
04	ADDRESS	85 BASALTIC ROAD	CONCORD	ON	L4K1G4

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

05	DEBTOR NAME	BUSINESS NAME			ONTARIO CORPORATION NO.
07	ADDRESS				

08	SECURED PARTY / LIEN CLAIMANT	1260356 ONTARIO LIMITED			
09	ADDRESS	100 ZENWAY BOULEVARD	WOODBIDGE	ON	L4H2Y7

COLLATERAL CLASSIFICATION		MOTOR VEHICLE		AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER			
X	X	X	X			

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

13 GENERAL COLLATERAL DESCRIPTION

16	REGISTERING AGENT	AIRD & BERLIS LLP (172723)			
17	ADDRESS	181 BAY STREET, SUITE 1800	TORONTO	ON	M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 7

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 7
(2484)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
784253943

00
01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 1 20220623 0959 1793 1949 P PPSA 10

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME EMBLEM CANNABIS CORPORATION ONTARIO CORPORATION NO.
04 ADDRESS 85 BASAL TIC ROAD CONCORD ON L4K1G4

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS
08 SECURED PARTY / LIEN CLAIMANT COMPUTERSHARE TRUST COMPANY OF CANADA
09 ADDRESS 100 UNIVERSITY AVE, 8TH FLOOR TORONTO ON M5J2Y1

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED
X X X X X

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT AIRD & BERLIS LLP (172723)
17 ADDRESS 181 BAY STREET, SUITE 1800 TORONTO ON M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 8

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 8
(2485)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
778627089

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20211130 1044 1590 6580 P PPSA 2

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME EMBLEM CANNABIS CORPORATION

04 ADDRESS 85 BASALTIC ROAD VAUGHAN ONTARIO CORPORATION NO.
ON L4K 1G4

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT NE SPC II LP
09 ADDRESS 500 HIGHWAY 7 EAST RICHMOND HILL ON L4B 1J1

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING CHAITONS LLP (LL/68775)
17 AGENT ADDRESS 5000 YONGE STREET, 10TH FLOOR TORONTO ON M2N 7E9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 9

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
 RUN DATE : 2023/07/13
 ID : 20230713123912.66

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 9
 (2486)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
 FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	2		20211220 1025 1590 0431	
21	RECORD REFERENCED	FILE NUMBER	778627089		
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL CORRECT
			X	A AMENDMENT	YEARS PERIOD
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	EMBLEM CANNABIS CORPORATION		
25	OTHER CHANGE REASON/ DESCRIPTION	AMEND SECURED PARTY'S ADDRESS			
02/		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
05	DEBTOR/ TRANSFEREE	BUSINESS NAME			
03/					ONTARIO CORPORATION NO.
06					
04/07		ADDRESS			
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08			NE SPC II LP		
09		ADDRESS	C/O NEXT EDGE CAPITAL, 1 TORONTO ST.,	TORONTO	ON M5C 2V6
	COLLATERAL CLASSIFICATION	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED
10		GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR MATURITY DATE
11	MOTOR VEHICLE GENERAL	YEAR MAKE	MODEL	V. I. N.	
12					
13					
14	COLLATERAL DESCRIPTION				
15					
16	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT	ADDRESS	CHAITONS LLP (LL/68775)	5000 YONGE STREET, 10TH FLOOR	TORONTO ON M2N 7E9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 10

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTREUR
 DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 10
(2487)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	
01	002	2		20211220 1025 1590 0431		
21	RECORD REFERENCED	FILE NUMBER	778627089			
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME				
25	OTHER CHANGE REASON/ DESCRIPTION					
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME		
05	DEBTOR/ TRANSFeree	BUSINESS NAME				
06					ONTARIO CORPORATION NO.	
04/07	ADDRESS					
29	ASSIGNOR					
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE					
09	ADDRESS	STE 200				
10	COLLATERAL CLASSIFICATION					
	CONSUMER		MOTOR VEHICLE	DATE OF	NO FIXED	
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR	MATURITY DATE	
11	MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.		
12	GENERAL					
13	COLLATERAL DESCRIPTION					
14	REGISTERING AGENT OR					
15	SECURED PARTY/ LIEN CLAIMANT	ADDRESS				

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 11

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 11
(2488)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20211220 1029 1590 0432	
21	RECORD REFERENCED	FILE NUMBER	778627089		
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS
			X	A AMENDMENT	
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	EMBLEM CANNABIS CORPORATION		
25	OTHER CHANGE REASON/ DESCRIPTION	AMEND DEBTOR'S ADDRESS			
02/05	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/06	TRANSFEE	BUSINESS NAME	EMBLEM CANNABIS CORPORATION		
04/07	ADDRESS	85 BASALTIC ROAD	CONCORD	ONTARIO CORPORATION NO.	ON L4K 1G4
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08	ADDRESS				
10	COLLATERAL CLASSIFICATION	CONSUMER	MOTOR VEHICLE	DATE OF MATURITY OR	NO FIXED MATURITY DATE
		GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	AMOUNT	
11	MOTOR VEHICLE GENERAL DESCRIPTION	YEAR MAKE	MODEL	V.I.N.	
16	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT	ADDRESS	CHAITONS LLP (LL/68775) 5000 YONGE STREET, 10TH FLOOR	TORONTO	ON M2N 7E9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 12

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)



RUN NUMBER : 194
 RUN DATE : 2023/07/13
 ID : 20230713123912.66

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 12
 (2489)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
 FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	01	001		20211220 1046 1590	0452
21	RECORD REFERENCED	FILE NUMBER	778627089		
22	PAGE AMENDED	NO. SPECIFIC PAGES AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
			B RENEWAL	3	
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	EMBLEM CANNABIS CORPORATION		
25	OTHER CHANGE REASON/ DESCRIPTION				
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/	TRANSFEE	BUSINESS NAME			
04/07	ADDRESS	ONTARIO CORPORATION NO.			
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08	ADDRESS				
09	COLLATERAL CLASSIFICATION				
10	CONSUMER GOODS	MOTOR VEHICLE	DATE OF MATURITY	NO. FIXED	
	INVENTORY	EQUIPMENT	AMOUNT	OR	MATURITY DATE
	ACCOUNTS	OTHER	INCLUDED		
11	MOTOR VEHICLE GENERAL	YEAR	MAKE	MODEL	V. I. N.
12	COLLATERAL DESCRIPTION				
16	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT	ADDRESS	5000 YONGE STREET, 10TH FLOOR	TORONTO	ON M2N 7E9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 13

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTREUR
 DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 13
(2490)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	
01	001	1		20230607 1040 1590 6679		
21	RECORD REFERENCED	FILE NUMBER	778627089			
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED D ASSIGNMENT	RENEWAL YEARS	CORRECT PERIOD
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	EMBLEM CANNABIS CORPORATION			
25	OTHER CHANGE REASON/ DESCRIPTION					
02/		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR/ TRANSFEREE	BUSINESS NAME				
06						ONTARIO CORPORATION NO.
04/07		ADDRESS				
29	ASSIGNOR		NE SPC II LP			
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE		RED WHITE & BLOOM BRANDS INC.			
09		ADDRESS	789 WEST PENDER STREET, SUITE 810	VANCOUVER	BC	V6C 1H2
10	COLLATERAL CLASSIFICATION					
		CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED	
		GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	AMOUNT MATURITY OR	MATURITY DATE	
11	MOTOR VEHICLE GENERAL	YEAR MAKE	MODEL	V.I.N.		
12						
13						
14	COLLATERAL DESCRIPTION					
15						
16	REGISTERING AGENT OR SECURED PARTY/LIEN CLAIMANT	ADDRESS	GOWLING WLG (CANADA) LLP (K. SCARROW / T. DI - T1032747) 1600-1 FIRST CANADIAN PLACE 100 KING STR TORONTO			ON M5X 1G5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 14

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 14
(2491)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
776940669

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	4		20211001 1325 9234 9061	P PPSA	3

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

02 DEBTOR NAME
03 BUSINESS NAME EMBLEM CANNABIS CORPORATION

04 ADDRESS C/O ALEAFIA HEALTH INC., 85 BASALTIC CONCORD ON L4K 1G4
ONTARIO CORPORATION NO.

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

05 DEBTOR NAME
06 BUSINESS NAME

07 ADDRESS
ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT 1260356 ONTARIO LIMITED

09 ADDRESS 100 ZENWAY BOULEVARD WOODBRIDGE ON L4H 2Y7

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
X	X	X	X	X			

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

11 MOTOR VEHICLE

13 GENERAL COLLATERAL DESCRIPTION ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR NOW OR AT ANY TIME AND FROM TIME TO TIME, LOCATED AT AND USED PRIMARILY IN CONNECTION WITH OR ARISING FROM THE REAL AND IMMOVEABLE PROPERTY

16 REGISTERING AGENT MCCARTHY TETRAULT LLP (E. RAFFERTY)

17 ADDRESS 5300-TORONTO DOMINION BANK TOWER TORONTO ON M5K 1E6

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 15

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 15
(2492)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
776940669

00
01 CAUTION PAGING TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
002 4 20211001 1325 9234 9061

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME ONTARIO CORPORATION NO.
04 ADDRESS ROAD

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL MUNICIPALLY DESCRIBED AS 378 SOUTH SERVICE ROAD, GRIMSBY, ONTARIO AND
14 COLLATERAL LEGALLY DESCRIBED ON PIN 46033-0368 (LT) (THE "LANDS") OR WHICH
15 DESCRIPTION COMPRISE ANY PART THEREOF, OR WHICH IN ANY WAY RELATES TO THE

16 REGISTERING AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

16

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(ej1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 16
(2493)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
776940669

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	003	4		20211001 1325 9234 9061		

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

SECURED PARTY / LIEN CLAIMANT

ADDRESS

COLLATERAL CLASSIFICATION		MOTOR VEHICLE	AMOUNT	DATE OF MATURITY	NO FIXED MATURITY DATE
CONSUMER	GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED			

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

GENERAL COLLATERAL DESCRIPTION
DEVELOPMENT, CONSTRUCTION, USE, MANAGEMENT AND SUBDIVISION OF THE LANDS, BUT EXCLUDING ANY CANNABIS OR CANNABIS DERIVED PRODUCTS. PROCEEDS, GOODS, INVENTORY, CHATTEL PAPER, DOCUMENTS OF TITLE,

REGISTERING AGENT	ADDRESS
-------------------	---------

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 17

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 17
(2494)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
776940669

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	004	4		20211001 1325 9234 9061		

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

DEBTOR NAME	BUSINESS NAME
-------------	---------------

ONTARIO CORPORATION NO.

ADDRESS

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

DEBTOR NAME	BUSINESS NAME
-------------	---------------

ONTARIO CORPORATION NO.

ADDRESS

SECURED PARTY / LIEN CLAIMANT

ADDRESS

COLLATERAL CLASSIFICATION

CONSUMER	MOTOR VEHICLE	AMOUNT	DATE OF MATURITY	NO FIXED MATURITY DATE
GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED			

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

GENERAL COLLATERAL DESCRIPTION	INSTRUMENTS, MONEY, INTANGIBLES, ACCOUNTS AND INVESTMENT PROPERTY (ALL AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT) AND INSURANCE PROCEEDS.
--------------------------------	--

REGISTERING AGENT	ADDRESS
-------------------	---------

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 18

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 18
(2495)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
762028083

01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 2 20200521 1634 1532 9232 P PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME EMBLEM CANNABIS CORPORATION

04 ADDRESS 00 WOODSLEE AVENUE PARIS ONTARIO CORPORATION NO. ON N3L 3N6

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME EMBLEM CANNABIS CORPORATION

07 ADDRESS 8810 JANE STREET CONCORD ONTARIO CORPORATION NO. ON L4K 2M9

08 SECURED PARTY / LIEN CLAIMANT RYDER MATERIAL HANDLING ULC

09 ADDRESS 210 ANNAGEM BOULEVARD MISSISSAUGA ON L5T 2V5

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL ONE NEW 2019 CROWN SC5245-40TT-190" LIFT TRUCK(S), TOGETHER WITH ALL
14 COLLATERAL ATTACHMENTS ACCESSORIES ACCESSIONS REPLACEMENTS SUBSTITUTIONS
15 DESCRIPTION ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS IN ANY FORM

16 REGISTERING CSRS
17 AGENT ADDRESS 4126 NORLAND AVE BURNABY BC V5G 3S8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 19

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 19
(2496)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
762028083

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	002	2		20200521 1634 1532 9232		

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
----------------	---------------	------------------	---------	---------

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

SECURED PARTY /
LIEN CLAIMANT CROWN LIFT TRUCKS

ADDRESS 210 ANNAGEM BLVD. MISSISSAUGA ON L5T 2V5

COLLATERAL CLASSIFICATION

CONSUMER	MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED				
GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED	MATURITY	OR	MATURITY DATE

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
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GENERAL

DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE

COLLATERAL SERIAL NUMBER(S) - 10153234

DESCRIPTION

REGISTERING

AGENT

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 20

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
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CERTIFICATE

REPORT : PSSR060
PAGE : 20
(2497)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
718574319

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	6		20160713 1339 2505 2407	P PPSA	05

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

DEBTOR NAME	BUSINESS NAME	EMBLEM CANNABIS CORPORATION		
-------------	---------------	-----------------------------	--	--

ADDRESS	207-1366 YONGE ST.	TORONTO
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ONTARIO CORPORATION NO. 3087725
ON M4T 3A7

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

DEBTOR NAME	BUSINESS NAME	EMBLEM CANNABIS CORPORATION		
-------------	---------------	-----------------------------	--	--

ADDRESS	315 EGLINTON AVENUE WEST, SUITE 204	TORONTO
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ONTARIO CORPORATION NO. 3087725
ON M5N 1A1

SECURED PARTY / LIEN CLAIMANT	EVOQUA WATER TECHNOLOGIES LTD.			
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ADDRESS	2045 DREW RD.	MISSISSAUGA
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ON L5S 1S4

COLLATERAL CLASSIFICATION

CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
						X				

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

GENERAL COLLATERAL DESCRIPTION	TO SECURE PAYMENT AND PERFORMANCE OF ALL OBLIGATIONS DEBTOR HEREBY GRANTS TO SECURED PARTY A CONTINUING PURCHASE MONEY SECURITY INTEREST IN THE FOLLOWING EQUIPMENT DESCRIBED AND ATTACHED AS EXHIBIT A.
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REGISTERING AGENT	NCS UCC SERVICES GROUP
-------------------	------------------------

ADDRESS	729 MINER ROAD	HIGHLAND HEIGHTS	OH	44143
---------	----------------	------------------	----	-------

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 21

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(ej1fv 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
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CERTIFICATE

REPORT : PSSR060
PAGE : 21
(2498)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
718574319

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	002	6		20160713 1339 2505 2407		

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

02 DEBTOR NAME
03 BUSINESS NAME EMBLEM CANNABIS CORPORATION

04 ADDRESS 20 WOODSLEE AVE. PARIS

ONTARIO CORPORATION NO. 3087725
ON N3L 3N6

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

05 DEBTOR NAME
06 BUSINESS NAME

07 ADDRESS

ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT

09 ADDRESS

COLLATERAL CLASSIFICATION

CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
----------	-------	-----------	-----------	----------	-------	------------------------	--------	---------------------	------------------------

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

11 MOTOR VEHICLE

13 GENERAL COLLATERAL DESCRIPTION
SECURED PARTY'S PURCHASE MONEY SECURITY INTEREST IS EXPLICITLY LIMITED TO OUTSTANDING OBLIGATIONS BETWEEN SECURED PARTY AND DEBTOR. EXHIBIT A ONE (1) WATER PURIFICATION SYSTEM CONTAINING THE FOLLOWING

16 REGISTERING AGENT

17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

22

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 22
(2499)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
718574319

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	003	6		20160713 1339 2505 2407		

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

SECURED PARTY / LIEN CLAIMANT

ADDRESS

COLLATERAL CLASSIFICATION

CONSUMER	MOTOR VEHICLE	AMOUNT	DATE OF MATURITY	NO. FIXED	DATE
GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED				

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

DESCRIPTION

WATER TREATMENT SYSTEM COMPONENTS ONE (1) BLEND PANEL -
THERMOSTATIC ONE (1) ALTERNATING DELUXE CARBON FILTERS 24" DIA. X
72" HEIGHT ONE (1) GRUNDFOS DOSING SYSTEM - ANTISCALANT ONE (1) RO

REGISTERING AGENT

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

23

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 23
(2500)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
718574319

00
01
CAUTION FILING PAGE NO. OF PAGES TOTAL MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
004 6 20160713 1339 2505 2407

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

ONTARIO CORPORATION NO.

04 ADDRESS

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL UNIT - M41 GP W/ 4 MEMBR MODULE EXPANDABLE TO 8 TWO (2) UV TROJAN
14 COLLATERAL VIQUA E4+ TWO (2) GRUNDFOS PUMPS CME 5-4 ONE (1) BLENDING PANEL
15 DESCRIPTION CONTROLLER, FLOW METER, CONTROL VALVE & CONDUCTIVITY PROBE ONE (1)

16 REGISTERING AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 24

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
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CERTIFICATE

REPORT : PSSR060
PAGE : 24
(2501)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
718574319

00
01 CAUTION FILING PAGE NO. OF PAGES TOTAL MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
005 6 20160713 1339 2505 2407

02 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME

03 DEBTOR NAME BUSINESS NAME ADDRESS ONTARIO CORPORATION NO.

04 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR NAME BUSINESS NAME ADDRESS ONTARIO CORPORATION NO.

06 SECURED PARTY / LIEN CLAIMANT ADDRESS

07 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO. FIXED MATURITY DATE

08 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

09 GENERAL COLLATERAL DESCRIPTION SKID FRAME FOR HOUSING RECIRCULATION PUMPS AND EQUIPMENT ONE (1)
ELECTRICAL PANEL TWO (2) PRESSURE RELIEF - PUMP DISCHARGE TWO (2)
PRESSURE REDUCING REGULATORS TWO (2) VENT FILTER HOUSING ON RO

10 REGISTERING AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 25

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 25
(2502)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
718574319

CAUTION PILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	006	6		20160713 1339 2505 2407		

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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					ONTARIO CORPORATION NO.

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

					ONTARIO CORPORATION NO.

SECURED PARTY / LIEN CLAIMANT	ADDRESS
-------------------------------	---------

COLLATERAL CLASSIFICATION	CONSUMER	MOTOR VEHICLE	AMOUNT	DATE OF MATURITY	NO FIXED MATURITY DATE
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MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

GENERAL COLLATERAL DESCRIPTION	PRODUCT TWO (2) SPRAY BALL IN RO PRODUCT TANK ONE (1) MULTI-POINT LEVEL SWITCH ON RO PRODUCT TANK THREE (3) BIG BLUE 20" FILTERS.
--------------------------------	---

REGISTERING AGENT	ADDRESS
-------------------	---------

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 26

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 26
(2503)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20210629 1356 6083 1940	
21	RECORD REFERENCED	FILE NUMBER	718574319		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED B RENEWAL	RENEWAL YEARS 5	CORRECT PERIOD
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	EMBLEM CANNABIS CORPORATION		
25	OTHER CHANGE REASON/ DESCRIPTION				
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/	TRANSFEE	BUSINESS NAME			
04/07	ADDRESS	ONTARIO CORPORATION NO.			
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08	ADDRESS				
09	COLLATERAL CLASSIFICATION	CONSUMER GOODS	MOTOR VEHICLE INCLUDED	DATE OF MATURITY OR	NO FIXED MATURITY DATE
10	YEAR	MAKE	MODEL	V.I.N.	
11	MOTOR VEHICLE GENERAL DESCRIPTION				
16	REGISTERING AGENT OR SECURED PARTY/LIEN CLAIMANT	ADDRESS	NCS UCC SERVICES GROUP 729 MINER ROAD	HIGHLAND HEIGHTS	OH 44143

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 27

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123912.66

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
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CERTIFICATE

REPORT : PSSR060
PAGE : 27
(2504)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CANNABIS CORPORATION
FILE CURRENCY : 12JUL 2023

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
791240319	20230306 1235 1793 1615			
787871862	20221025 1748 1532 7310			
785999754	20220822 1146 1793 6264			
784253943	20220623 0959 1793 1949			
778627089	20211130 1044 1590 6580	20211220 1025 1590 0431	20211220 1029 1590 0432	20211220 1046 1590 0452
	20230607 1040 1590 6679			
776940669	20211001 1325 9234 9061			
762028083	20200521 1634 1532 9232			
718574319	20160713 1339 2505 2407	20210629 1356 6083 1940		

13 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crfj6 05/2022)

Date, heure, minute de certification : **2023-07-12 15:00**

Critère de recherche Nom d'organisme : **EMBLEM CANNABIS CORPORATION**

Résultat exact (0)

Aucun droit n'est inscrit au registre sous le nom consulté. Pour une recherche complète, il est recommandé de consulter aussi les résultats apparaissant sous l'onglet « Nom présentant des similarités », s'il y a lieu.

Date, heure, minute de certification : **2023-07-12 15:00**

Critère de recherche Nom d'organisme : **EMBLEM CANNABIS CORPORATION**

Noms présentant des similarités (23)

Nom	Code postal	Nombre de fiches détaillées
+ 48NORTH CANNABIS CORP	J8M 1V2	
+ 5 POINTS CANNABIS INC	J0G 1J0	
+ AURORA CANNABIS ENTERPRISES INC	T5J 0H8	
+ BROOKBURY CANNABIS INC	J0B 1J0	
+ CANNABIS LYONLEAF INC	H3Z 2Y5	
+ CAPITAL NOW CANNABIS	T3A 5K8	
+ CORJ INC	J7R 6P5	
+ EMBLEM CRANBERRY INC	G0Z 1E0	
+ EMBLEME CANNEBERGE INC EMBLEM CRANBERRY INC	G0Z 1E0	
+ FUGA CANNABIS	G3C 1K2	
+ LES SERRES VERT CANNABIS INC	H3B 0E6	
+ LYONLEAF CANNABIS INC	H3Z 2Y5	
+ LYONLEAF CANNABIS INC	H4S 1J8	
+ MONTREAL CANNABIS MEDICAL INC	H9R 0B6	
+ MONTREAL CANNABIS MEDICAL INC	H9R 1B4	
+ MONTREAL CANNABIS MEDICAL INC	J8E 3G1	
+ MONTREAL MEDICAL CANNABIS INC	H9R 0B6	
+ NOVA CANNABIS STORES LIMITED PARTNERSHIP	T5S 1K6	
+ ONO CANNABIS INC	G0A 1H0	
+ UP CANNABIS INC	L6J 7W5	
+ VASCO CANNABIS INC	J4P 2J7	
+ VIDA CANNABIS CANADA LTD	J8M 1V2	
+ VORTEX CANNABIS INC	J7N 2C3	



Saskatchewan Personal Property Registry Search Result

Searching Party: PPSA Canada Inc.
Search Date: 13-Jul-2023 12:02:02
Search Type: Standard

Search #: 204184796
Client Reference: 118-308357-TDOLNY
Control #:

Search Criteria

Search By: Business Debtor Name
Business Name

EMBLEM CANNABIS CORPORATION

There are no registration(s) found in the Saskatchewan Personal Property Registry to match the search criteria entered.

End of Search Result

Business Debtor - "EMBLEM CORP."

Search Date and Time: July 13, 2023 at 11:30:57 am Pacific time
Account Name: Not available.
Folio Number: 118-308357-TDOLNY

NIL RESULT

0 Matches in 0 Registrations in Report

Exact Matches: 0 (*)

Total Search Report Pages: 0

The search returned a NIL result. 0 registrations were found.

No registered liens or encumbrances have been found on file that match EXACTLY to the search criteria listed above and no similar matches to the criteria have been found.

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123901.79

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(2469)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

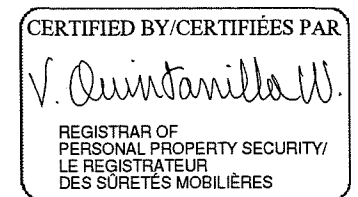
SEARCH CONDUCTED ON : EMBLEM CORP.

FILE CURRENCY : 12JUL 2023

ENQUIRY NUMBER 20230713123901.79 CONTAINS 9 PAGE(S), 4 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

AIRD & BERLIS LLP
ATTN: SHANNON MORRIS
HOLD FOR PICK UP
TORONTO ON M5J2T9



(crf6 05/2022)

CONTINUED... 2



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123901.79

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(2470)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CORP.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
785999736

01 CAUTION FILING PAGE NO. TOTAL OF PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 1 20220822 1146 1793 6263 P PPSA 5

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 EMBLEM CORP.
04 BUSINESS NAME ADDRESS 85 BASALTIC ROAD CONCORD ONTARIO CORPORATION NO. ON L4K1G4

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 BUSINESS NAME ADDRESS
07 ONTARIO CORPORATION NO.
08 SECURED PARTY / LIEN CLAIMANT 1260356 ONTARIO LIMITED
09 ADDRESS 100 ZENWAY BOULEVARD WOODBRIDGE ON L4H2Y7

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
X X X X X

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT AIRD & BERLIS LLP (172723)
17 ADDRESS 181 BAY STREET, SUITE 1800 TORONTO ON M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123901.79

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(2471)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CORP.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
784253547

00
01 CAUTION FILING PAGE NO. OF PAGES TOTAL 1 MOTOR VEHICLE SCHEDULE 20220623 0958 1793 1947 REGISTRATION NUMBER REGISTERED UNDER P PPSA REGISTRATION PERIOD 10

02 DEBTOR NAME DATE OF BIRTH BUSINESS NAME EMBLEM CORP. FIRST GIVEN NAME INITIAL SURNAME ONTARIO CORPORATION NO. ADDRESS 85 BASALTIC ROAD CONCORD ON L4K1G4

05 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME ONTARIO CORPORATION NO. ADDRESS

08 SECURED PARTY / LIEN CLAIMANT COMPUTERSHARE TRUST COMPANY OF CANADA ADDRESS 100 UNIVERSITY AVE, 8TH FLOOR TORONTO ON M5J2Y1

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT AIRD & BERLIS LLP (172723) ADDRESS 181 BAY STREET, SUITE 1800 TORONTO ON M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123901.79

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 4
(2472)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CORP.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
779149026

01 CAUTION FILING PAGE NO. TOTAL OF PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 2 20211220 1038 1590 0437 P PPSA 5

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME EMBLEM CORP.
04 ADDRESS 85 BASALTIC ROAD CONCORD ONTARIO CORPORATION NO. ON L4K 1G4

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME
07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT NE SPC II LP
09 ADDRESS C/O NEXT EDGE CAPITAL, 1 TORONTO ST., TORONTO ON M5C 2V6

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
X X X X X

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT CHAITONS LLP (LL/68775)
17 ADDRESS 5000 YONGE STREET, 10TH FLOOR TORONTO ON M2N 7E9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123901.79

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 5
(2473)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CORP.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
779149026

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	002	2		20211220 1038 1590 0437		

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

DEBTOR NAME	BUSINESS NAME
-------------	---------------

ONTARIO CORPORATION NO.

ADDRESS

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

DEBTOR NAME	BUSINESS NAME
-------------	---------------

ONTARIO CORPORATION NO.

ADDRESS

SECURED PARTY / LIEN CLAIMANT

ADDRESS SUITE 200

COLLATERAL CLASSIFICATION

CONSUMER GOODS	MOTOR VEHICLE	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
----------------	---------------	--------	---------------------	------------------------

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

GENERAL COLLATERAL DESCRIPTION

REGISTERING AGENT

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

6

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123901.79

PROVINCE OF ONTARIO
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REPORT : PSSR060
PAGE : 6
(2474)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CORP.
FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	
01	001	1		20230607 1038 1590 6674		
21	RECORD REFERENCED	FILE NUMBER	779149026			
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED D ASSIGNMENT	RENEWAL YEARS	CORRECT PERIOD
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	EMBLEM CORP.			
25	OTHER CHANGE REASON/ DESCRIPTION					
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
03/		BUSINESS NAME				ONTARIO CORPORATION NO.
04/07		ADDRESS				
29	ASSIGNOR		NE SPC II LP			
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE		RED WHITE & BLOOM BRANDS INC.			
09		ADDRESS	789 WEST PENDER STREET, SUITE 810	VANCOUVER	BC	V6C 1H2
10	COLLATERAL CLASSIFICATION					
	CONSUMER GOODS		MOTOR VEHICLE	DATE OF INCLUSION	NO FIXED Maturity OR Maturity DATE	
11	MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.		
12	GENERAL DESCRIPTION					
13	COLLATERAL DESCRIPTION					
14	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT	ADDRESS	GOWLING WLG (CANADA) LLP (K. SCARROW / T. DI - T1032747) 1600-1 FIRST CANADIAN PLACE 100 KING STR TORONTO	ON	M5X 1G5	

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 7

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123901.79

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
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CERTIFICATE

REPORT : PSSR060
PAGE : 7
(2475)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CORP.
FILE CURRENCY : 12JUL 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
756931194

00
01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
01 001 20191025 1944 1531 4077 P PPSA 5

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME EMBLEM CORP

04 ADDRESS 36 YORK MILLS RD SUITE 500 TORONTO ONTARIO CORPORATION NO. ON M2P 2E9

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT THE TORONTO-DOMINION BANK - 10202

09 ADDRESS 55 KING ST W P.O. BOX 1 TORONTO ON M5K 1A2

COLLATERAL CLASSIFICATION

10 CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR Maturity DATE NO FIXED Maturity DATE
X X

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL COLLATERAL DESCRIPTION ASSIGNMENT OF TERM DEPOSITS AND CREDIT BALANCES

14 DESCRIPTION

15 REGISTERING AGENT D+H LIMITED PARTNERSHIP

17 ADDRESS SUITE 200, 4126 NORLAND AVENUE BURNABY BC V5G 3S8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 8

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(cij1fv 05/2022)

Ontario 

RUN NUMBER : 194
 RUN DATE : 2023/07/13
 ID : 20230713123901.79

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
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 ENQUIRY RESPONSE
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REPORT : PSSR060
 PAGE : 8
 (2476)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : EMBLEM CORP.
 FILE CURRENCY : 12JUL 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	01	001		20191122 1450 1530 0922	
21	RECORD REFERENCED	FILE NUMBER	756931194		
22		PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS
			X	A AMENDMENT	
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	EMBLEM CORP		
25	OTHER CHANGE REASON/ DESCRIPTION	CHANGE DEBTOR'S NAME FROM - EMBLEM CORP TO - EMBLEM CORP.			
02/05	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/06		BUSINESS NAME	EMBLEM CORP.		
04/07	ADDRESS	36 YORK MILLS RD SUITE 500		TORONTO	ONTARIO CORPORATION NO. ON M2P 2E9
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08		ADDRESS			
09	COLLATERAL CLASSIFICATION				
10	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED
					DATE OF MATURITY OR
					NO FIXED MATURITY DATE
11	MOTOR VEHICLE GENERAL DESCRIPTION	YEAR	MAKE	MODEL	V.I.N.
12					
13					
14					
15					
16	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT	ADDRESS		4126 NORLAND AVENUE	BURNABY BC V5G 3S8
17					

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 9

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF PERSONAL PROPERTY SECURITY/
 LE REGISTREUR DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)



RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123901.79

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

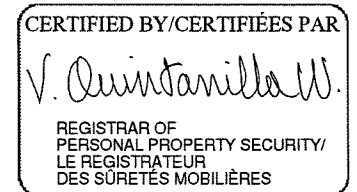
REPORT : PSSR060
PAGE : 9
(2477)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EMBLEM CORP.
FILE CURRENCY : 12JUL 2023

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
785999736	20220822 1146 1793 6263			
784253547	20220623 0958 1793 1947			
779149026	20211220 1038 1590 0437	20230607 1038 1590 6674		
756931194	20191025 1944 1531 4077	20191122 1450 1530 0922		

6 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



(crfj6 05/2022)

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123922.51

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(2505)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

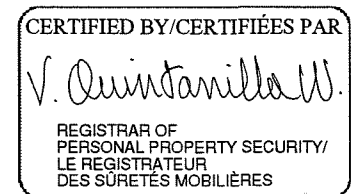
SEARCH CONDUCTED ON : EMBLEM REALTY LTD.

FILE CURRENCY : 12JUL 2023

ENQUIRY NUMBER 20230713123922.51 CONTAINS 1 PAGE(S), 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

AIRD & BERLIS LLP
ATTN: SHANNON MORRIS
HOLD FOR PICK UP
TORONTO ON M5J2T9



(crf6 05/2022)



**Personal Property Registry
Search Results Report**

Page 1 of 1

Search ID #: Z16353311

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 118-308357-TDOLNY

Search ID #: Z16353311

Date of Search: 2023-Jul-13

Time of Search: 10:41:44

Business Debtor Search For:

GROWWISE HEALTH LIMITED

No Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

Result Complete



Business Debtor - "GROWWISE HEALTH LIMITED"

Search Date and Time: July 13, 2023 at 9:40:28 am Pacific time
Account Name: Not available.
Folio Number: 118-308357-TDOLNY

NIL RESULT

0 Matches in 0 Registrations in Report

Exact Matches: 0 (*)

Total Search Report Pages: 0

The search returned a NIL result. 0 registrations were found.

No registered liens or encumbrances have been found on file that match EXACTLY to the search criteria listed above and no similar matches to the criteria have been found.

RUN NUMBER : 194
RUN DATE : 2023/07/13
ID : 20230713123932.41

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(2506)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

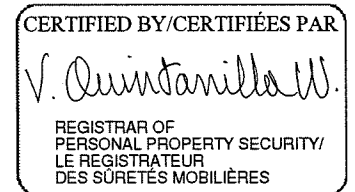
SEARCH CONDUCTED ON : GROWWISE HEALTH LIMITED

FILE CURRENCY : 12JUL 2023

ENQUIRY NUMBER 20230713123932.41 CONTAINS 1 PAGE(S), 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

AIRD & BERLIS LLP
ATTN: SHANNON MORRIS
HOLD FOR PICK UP
TORONTO ON M5J2T9



(crf6 05/2022)



Profile Report

ROYAL GROUP RESOURCES LTD. as of July 13, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	ROYAL GROUP RESOURCES LTD.
Ontario Corporation Number (OCN)	913244
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation/Amalgamation	September 28, 1990
Registered or Head Office Address	100 Zenway Boulevard, Woodbridge, Ontario, Canada, L4H 2Y7

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

A handwritten signature in black ink, appearing to read "V. Quintanilla W.".

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors
Maximum Number of Directors

[Not Provided]
[Not Provided]

Name
Address for Service
Resident Canadian
Date Began

VITTORIO DE ZEN
300 Greenbrook Drive, Woodbridge, Ontario, Canada, L4L
1A6
Yes
October 01, 1990

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Officer(s)

Name VITTORIO DE ZEN
Position President
Address for Service 300 Greenbrook Drive, Woodbridge, Ontario, Canada, L4L 1A6
Date Began October 01, 1990

Name VITTORIO DE ZEN
Position Secretary
Address for Service 300 Greenbrook Drive, Woodbridge, Ontario, Canada, L4L 1A6
Date Began October 01, 1990

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Corporate Name History

Name

Effective Date

ROYAL GROUP RESOURCES LTD.

Refer to Corporate Records

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report.

Additional historical information may exist in paper or microfiche format.

Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: VITTORIO DE ZEN	April 05, 2023
Annual Return - 2021 PAF: Vittorio DE ZEN	September 09, 2022
Annual Return - 2020 PAF: VIC DE ZEN - DIRECTOR	January 26, 2021
Annual Return - 2019 PAF: VIC DE ZEN - DIRECTOR	February 09, 2020
Annual Return - 2018 PAF: VIC DE ZEN - DIRECTOR	January 27, 2019
Annual Return - 2017 PAF: VIC DE ZEN - DIRECTOR	February 11, 2018
Annual Return - 2016 PAF: VIC DE ZEN - DIRECTOR	January 22, 2017
Annual Return - 2015 PAF: VIC DE ZEN - DIRECTOR	March 05, 2016
Annual Return - 2014 PAF: VIC DE ZEN - DIRECTOR	January 17, 2015
Annual Return - 2013 PAF: VIC DE ZEN - DIRECTOR	November 16, 2013
Annual Return - 2012 PAF: VIC DE ZEN - DIRECTOR	February 23, 2013
Annual Return - 2011 PAF: VIC DE ZEN - DIRECTOR	January 14, 2012
Annual Return - 2010 PAF: VIC DE ZEN - DIRECTOR	February 05, 2011

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Annual Return - 2009 PAF: VIC DE ZEN - DIRECTOR	January 25, 2010
Annual Return - 2008 PAF: VIC DE ZEN - DIRECTOR	March 28, 2009
Annual Return - 2007 PAF: VIC DE ZEN - DIRECTOR	May 17, 2008
Annual Return - 2006 PAF: VIC DE ZEN - DIRECTOR	March 24, 2007
Annual Return - 2005 PAF: VIC DE ZEN - DIRECTOR	February 18, 2006
Annual Return - 2004 PAF: VIC DE ZEN - DIRECTOR	February 26, 2005
Annual Return - 2003 PAF: VIC DE ZEN - DIRECTOR	August 21, 2004
Annual Return - 2003 PAF: VIC DE ZEN - DIRECTOR	August 21, 2004
Other - SPECIAL NOTICE 3 PAF: VITTORIO DEZEN - DIRECTOR	February 02, 1995
Other - SN2 DEFAULT (ORIG NOTICE)	January 28, 1995
Other - SPECIAL NOTICE PAF: DOUGLAS N. DUNSMUIR - Others	October 09, 1992
CPCV - Corporate Conversion ADD	June 27, 1992

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

This is Exhibit “JJ” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is fluid and cursive, with the first name "Samantha" written in a larger, more prominent script than the last name "Khan".

Commissioner for Taking Affidavits

¹SEARCH SUMMARY

The following enquiries and searches were at the registration systems maintained pursuant to the *Personal Property Security Act* (the “PPSA”) or at the registration system maintained pursuant to the *Register of Personal and Movable Real Rights* in the Province of Quebec (the “RPMRR”) against:

Company	Corporate Details/Prior and/or Amalgamated Names
Aleafia Health Inc.	<ul style="list-style-type: none"> ➤ an active corporation incorporated on February 7, 2007 and continued into Ontario on June 27, 2018 ➤ Corporate No.: 1994678 ➤ Registered or Head office: FCP, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5 ➤ Registered Business/Trade Name: <ul style="list-style-type: none"> - Aleafia Total Health Network ➤ Prior/Predecessor Names: None ➤ Director(s)/Officer(s): <ul style="list-style-type: none"> - Lu Galasso, Director - David Pasioka, Director - Jon Pereira, Director - Carlo Sistilli, Director - Ian Troop, Director - Matt Sale, Chief Financial Officer - Patricia Symmes-Rizakos, Chief Executive Officer & Other (Untitled) ➤ Last Document Recorded: Notice of Change filed on February 22, 2023 <p>Note: Annual Returns for 2019 – 2022 are due</p>
Emblem Corp.	<ul style="list-style-type: none"> ➤ an active Federal corporation formed by way of Certificate of Arrangement on March 14, 2019 ➤ extra-provincially registered in Ontario (Note: prior to the Certificate of Arrangement the corporation was registered in British Columbia) ➤ Corporate No.: 1060683-9 ➤ BN: 817490154RC0002 ➤ Registered office: 85 Basaltic Road, Vaughan, Ontario L4K 1G4 ➤ Registered Business/Trade Name: Not available on Profile ➤ Prior/Predecessor Names from Ontario prior to Arrangement <ul style="list-style-type: none"> - 11208578 Canada Inc. (#3197625) - Emblem Corp. (#1984912) ➤ Prior/Predecessor Names from British Columbia prior to Arrangement: <ul style="list-style-type: none"> - Saber Capital Corp.

¹ This summary has been prepared solely for internal use and for the benefit of our client and may not be relied upon by or disclosed to anyone else without our prior written consent. This summary is a compilation of data taken from search results obtained from applicable governmental registries. Aird & Berlis LLP accepts no liability for the accuracy of the data or for the information contained herein; please refer to and rely on the original search results.

Company	Corporate Details/Prior and/or Amalgamated Names
	<ul style="list-style-type: none"> - <i>Kristina Capital Corp.</i> ➤ Director(s)/Officer(s): - Patricia Symmes-Rizakos, Director - Matthew Sale, Director ➤ Last Document Recorded: 2023 Annual Filings
Emblem Cannabis Corporation	<ul style="list-style-type: none"> ➤ an active Federal corporation formed by amalgamation on December 6, 2016; ➤ extra-provincially registered in Ontario, British Columbia, Alberta, Saskatchewan and Quebec ➤ Corporate No.: 986205-6 ➤ BN: 850708975RC0002 ➤ Registered office: 85 Basaltic Road, Vaughan, Ontario L4K 1G4 ➤ Registered Business/Trade Name: Not available on Profile ➤ Prior/Predecessor Names: - <i>Emblem Cannabis Corporation (formerly, Kindcann Limited and 8617384 Canada Inc.) (#8617384)</i> - <i>9845992 Canada Limited (#9845992)</i> - <i>Kindcann Realty Limited (formerly, 8682984 Canada Inc.) (#8682984)</i> - <i>9526820 Canada Inc. (#9526820)</i> ➤ Director(s)/Officer(s): - Matthew Sale, Director - Patricia Symmes-Rizakos, Director ➤ Voting Shareholder - Emblem Corp. ➤ Last Document Recorded: 2021 Annual Note: Annual Returns for 2022 are overdue
Emblem Realty Ltd.	<ul style="list-style-type: none"> ➤ an active Ontario corporation incorporated on June 1, 2017 ➤ Corporate No.: 2580295 ➤ Registered or Head office: 85 Basaltic Road, Concord, Ontario L4K 1G4 ➤ Registered Business/Trade Name: None ➤ Prior/Predecessor Names: None ➤ Director(s)/Officer(s): - Geoffrey Benic, Director & President - Greg Rossi, Director, Secretary & Treasurer ➤ Last Document Recorded: Notice of Change filed on June 22, 2021 Note: Annual Returns for 2020 – 2022 are due
Growwise Health Limited	<ul style="list-style-type: none"> ➤ an active Ontario corporation incorporated on March 18, 2015 ➤ extra-provincially registered in British Columbia and Alberta ➤ Corporate No.: 2458362

Company	Corporate Details/Prior and/or Amalgamated Names
	<ul style="list-style-type: none"> ➤ Registered or Head office: FCP, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5 ➤ Registered Business/Trade Name: <ul style="list-style-type: none"> - Rosehill Medical Group ➤ Prior/Predecessor Names: None ➤ Director(s)/Officer(s): <ul style="list-style-type: none"> - Greg Rossi, Director, Secretary & Treasurer - Patricia Symmes-Rizakos, Director & President ➤ Last Document Recorded: Notice of Change filed on March 9, 2022 <p>Note: Annual Returns for 2020 – 2022 are due</p>
Aleafia Farms Inc.	<ul style="list-style-type: none"> ➤ an active Ontario corporation incorporated on March 30, 1988 as 755064 Ontario Inc. and changed its name to Aleafia Farms Inc. on February 13, 2018 ➤ Revived by Articles of Revival: March 8, 1999 ➤ Corporate No.: 755064 ➤ Registered or Head office: 85 Basaltic Road, Concord, Ontario L4K 1G4 ➤ Expired Registered Business/Trade Name: Aero Farms Canada ➤ Prior/Predecessor Names: <ul style="list-style-type: none"> - 755064 Ontario Inc. ➤ Director(s)/Officer(s): <ul style="list-style-type: none"> - Matthew Sale, Director, Secretary & Treasurer - Patricia Symmes-Rizakos, Director & President ➤ Last Document Recorded: Notice of Change filed on May 27, 2022 <p>Note: Annual Returns for 2020 – 2022 are due</p>
Aleafia Inc.	<ul style="list-style-type: none"> ➤ an active Ontario corporation formed by amalgamation on March 26, 2018 ➤ extra-provincially registered in Saskatchewan (struck), Manitoba, New Brunswick (dissolved/cancelled), Nova Scotia and Newfoundland and Labrador ➤ Corporate No.: 1992578 ➤ Registered or Head office: 85 Basaltic Road, Concord, Ontario L4K 1G4 ➤ Registered Business/Trade Name: None ➤ Prior/Predecessor Names: <ul style="list-style-type: none"> - 2412550 Ontario Inc. (#2412550) - Aleafia Inc. (#2556446) ➤ Director(s)/Officer(s): <ul style="list-style-type: none"> - Matthew Sale, Director, Secretary & Treasurer - Patricia Symmes-Rizakos, Director & President ➤ Last Document Recorded: Notice of Change filed on June 15, 2022 <p>Note: Annual Returns for 2019 – 2022 are due</p>
Canabo Medical Corporation	<ul style="list-style-type: none"> ➤ an active Federal corporation incorporated on March 19, 2013 as 8824479 Canada Inc. and changed its name on September 17, 2014

Company	Corporate Details/Prior and/or Amalgamated Names
	<ul style="list-style-type: none"> ➤ extra-provincially registered in Ontario ➤ Corporate No.: 882447-9 ➤ BN: 812755635RC0001 ➤ Registered office: 85 Basaltic Road, Concord, Ontario L4K 1G4 ➤ Registered Business/Trade Name: Not available on Profile ➤ Prior/Predecessor Names: <ul style="list-style-type: none"> - 8824479 Canada Inc. ➤ Director(s)/Officer(s): <ul style="list-style-type: none"> - Patricia Symmes-Rizakos, Director - Matthew Sale, Director ➤ Last Document Recorded: 2023 Annual Filings <p style="color: red; font-weight: bold;">Note: an amendment was filed on January 18, 2019 to change the Province of Territory of the Registered Office [we are not able to determine the prior jurisdiction without obtaining a copy of the articles of amendment]</p>
Aleafia Brands Inc.	<ul style="list-style-type: none"> ➤ an active Ontario corporation incorporated on November 20, 2018 ➤ Corporate No.: 2666406 ➤ Registered or Head office: 85 Basaltic Road, Concord, Ontario L4K 1G4 ➤ Registered Business/Trade Name: None ➤ Prior/Predecessor Names: None ➤ Director(s)/Officer(s): <ul style="list-style-type: none"> - Geoffrey Benic, Director & President - Greg Rossi, Director, Secretary & Treasurer ➤ Last Document Recorded: Notice of Change filed on June 22, 2021 <p style="color: red; font-weight: bold;">Note: Annual Returns for 2020 – 2022 are due</p>
Aleafia Retail Inc.	<ul style="list-style-type: none"> ➤ an active Ontario corporation incorporated on November 20, 2018 ➤ Corporate No.: 2666405 ➤ Registered or Head office: 85 Basaltic Road, Concord, Ontario L4K 1G4 ➤ Registered Business/Trade Name: None ➤ Prior/Predecessor Names: None ➤ Director(s)/Officer(s): <ul style="list-style-type: none"> - Geoffrey Benic, Director & President - Greg Rossi, Director, Secretary & Treasurer ➤ Last Document Recorded: Notice of Change filed on June 22, 2021 <p style="color: red; font-weight: bold;">Note: Annual Returns for 2020 – 2022 are due</p>
2672533 Ontario Inc.	<ul style="list-style-type: none"> ➤ an active Ontario corporation incorporated on December 21, 2018 ➤ extra-provincially registered in Northwest Territories (in default), Nunavut, Yukon (in default), British Columbia, Alberta (struck), Saskatchewan (struck), Manitoba (cancelled), Quebec, New Brunswick (dissolved), Nova Scotia, Prince Edward Island and Newfoundland and Labrador ➤ Corporate No.: 2672533

Company	Corporate Details/Prior and/or Amalgamated Names
	<ul style="list-style-type: none"> ➤ Registered or Head office: 85 Basaltic Road, Concord, Ontario L4K 1G4 ➤ Registered Business/Trade Name: <ul style="list-style-type: none"> - Well & Ness ➤ Prior/Predecessor Names: None ➤ Director(s)/Officer(s): <ul style="list-style-type: none"> - Geoffrey Benic, Director & President - Greg Rossi, Director, Secretary & Treasurer ➤ Last Document Recorded: Notice of Change filed on June 22, 2021 <p>Note: Annual Returns for 2020 – 2022 are due</p>
2676063 Ontario Inc.	<ul style="list-style-type: none"> ➤ an active Ontario corporation incorporated on January 15, 2019 ➤ extra-provincially registered in Northwest Territories (in default), Nunavut, Yukon (cancelled), British Columbia, Alberta (struck), Saskatchewan (struck), Manitoba (cancelled), Quebec, New Brunswick (dissolved), Nova Scotia, Prince Edward Island and Newfoundland and Labrador ➤ Corporate No.: 2676063 ➤ Registered or Head office: 85 Basaltic Road, Concord, Ontario L4K 1G4 ➤ Registered Business/Trade Name: <ul style="list-style-type: none"> - Foliedge Academy ➤ Prior/Predecessor Names: None ➤ Director(s)/Officer(s): <ul style="list-style-type: none"> - Geoffrey Benic, Director & President - Greg Rossi, Director, Secretary & Treasurer ➤ Last Document Recorded: Notice of Change filed on June 22, 2021 <p>Note: Annual Returns for 2020 – 2022 are due</p>

The currency of each of the aforementioned searches is as follows:

SEARCHES AND CURRENCY

Name	PPSA/RPMRR
Aleafia Health Inc.	ON: July 12, 2023 (See below) NS: July 14, 2023 (See below) NL: July 14, 2023 (See below)
Emblem Corp.	ON: July 12, 2023 (See below) BC: July 13, 2023 (Clear)
<i>11208578 Canada Inc.</i>	ON: July 16, 2023 (Clear)
<i>Saber Capital Corp.</i>	BC: July 13, 2023 (Clear) ON: July 13, 2023 (Clear) AB: July 13, 2023 (Clear)

Name	PPSA/RPMRR
<i>Kristina Capital Corp.</i>	BC: July 13, 2023 (Clear) ON: July 13, 2023 (Clear) AB: July 13, 2023 (Clear)
Emblem Cannabis Corporation	ON: July 12, 2023 (See below) BC: July 13, 2023 (Clear) AB: July 13, 2023 (Clear) SK: July 13, 2023 (Clear) QC: July 12, 2023 (Clear) NL: July 14, 2023 (See below)
<i>Kindcann Limited</i>	ON: July 12, 2023 (Clear)
<i>8617384 Canada Inc.</i>	ON: July 12, 2023 (Clear)
<i>9845992 Canada Limited</i>	ON: July 12, 2023 (Clear)
<i>Kindcann Realty Limited</i>	ON: July 12, 2023 (Clear)
<i>8682984 Canada Inc.</i>	ON: July 12, 2023 (Clear)
<i>9526820 Canada Inc.</i>	ON: July 12, 2023 (Clear)
Emblem Realty Ltd.	ON: July 12, 2023 (Clear)
Growwise Health Limited	ON: July 12, 2023 (Clear) BC: July 13, 2023 (Clear) AB: July 13, 2023 (Clear)
Aleafia Farms Inc.	ON: July 12, 2023 (See below) NS: July 14, 2023 (See below) NL: July 14, 2023 (See below)
<i>755064 Ontario Inc.</i>	ON: July 12, 2023 (Clear)
Aleafia Inc.	ON: July 12, 2023 (See below) SK: July 14, 2023 (Clear) MB: July 14, 2023 (Clear) NB: July 14, 2023 (Clear) NS: July 13, 2023 (See below) NL: July 13, 2023 (See below)
<i>2412550 Ontario Inc.</i>	ON: July 12, 2023 (Clear)
Canabo Medical Corporation	ON: July 12, 2023 (See below) NS: July 14, 2023 (See below) NL: July 14, 2023 (See below)
<i>8824479 Canada Inc.</i>	ON: July 12, 2023 (Clear)
Aleafia Brands Inc.	ON: July 12, 2023 (Clear)
Aleafia Retail Inc.	ON: July 12, 2023 (Clear)

Name	PPSA/RPMRR
2672533 Ontario Inc.	ON: July 13, 2023 (Clear) NT: July 13, 2023 (Clear) NU: July 13, 2023 (Clear) YT: July 13, 2023 (Clear) BC: July 13, 2023 (Clear) AB: July 13, 2023 (Clear) SK: July 13, 2023 (Clear) MB: July 13, 2023 (Clear) QC: July 12, 2023 (Clear) NB: July 13, 2023 (Clear) NS: July 13, 2023 (Clear) PE: July 13, 2023 (Clear) NL: July 13, 2023 (Clear)
2676063 Ontario Inc.	ON: July 12, 2023 (Clear) NT: July 13, 2023 (Clear) NU: July 13, 2023 (Clear) YT: July 13, 2023 (Clear) BC: July 13, 2023 (Clear) AB: July 13, 2023 (Clear) SK: July 13, 2023 (Clear) MB: July 13, 2023 (Clear) QC: July 12, 2023 (Clear) NB: July 13, 2023 (Clear) NS: July 13, 2023 (Clear) PE: July 13, 2023 (Clear) NL: July 13, 2023 (Clear)

Such enquiries and searches failed to disclose any undischarged registrations, filings or recordings with respect to the aforementioned names except as follows:

PPSA SEARCHES

Legend:

A - Accounts	DOM - Date of Maturity	I - Inventory	O - Other
CF - Caution Filing	E - Equipment	MV - Motor Vehicle	RSLA - Repair & Storage Lien Act
CG - Consumer Goods	GCD - General Description:	NFMD - No Fixed Maturity Date	\$ - Amount

Aleafia Health Inc. Ontario						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	20181003 1131 2203 9694 Amend debtor's name from Aleafia Inc. to Aleafia Health Inc. by 20181004 1521 2203 9695	744424677	Oct 3, 2023	Aleafia Health Inc.	Indcom Leasing Inc.	E GCD: see below
General Collateral Description: ONE CANON IR ADV WITH ALL ACCESSORIES AND ATTACHMENTS						
2.	20190911 1027 1590 4916	755325999	Sep 11, 2029	Aleafia Health Inc.	Bank of Montreal	A, O GCD: see below
General Collateral Description: Monies held on deposit in a specified deposit account maintained by the debtor with Bank of Montreal and term deposit receipts, guaranteed investment certificates and similar instruments issued by Bank of Montreal, from time to time, and all proceeds of the foregoing.						
3.	20211220 1032 1590 0433 Assigned from NE SPC II LP by 20230607 1041 1590 6680	779148936	Dec 20, 2026	Aleafia Health Inc.	Red White & Bloom Brands Inc.	I, E, A, O, MV
4.	20220623 0959 1793 1950	784254042	Jun 23, 2032	Aleafia Health Inc.	Computershare Trust Company of Canada	I, E, A, O, MV
5.	20220822 1147 1793 6267	785999799	Aug 22, 2027	Aleafia Health Inc.	1260356 Ontario Limited	I, E, A, O, MV

Aleafia Health Inc. Nova Scotia						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Description
1.	30083521 Amended by 30193502 30201677	Sept 12, 2018	Sept 12, 2024	Aleafia Health Inc.	Indcom Leasing Inc.	GCD: see below
General Collateral Description: ONE CANON IR ADV C3530I II WITH ALL ACCESSORIES AND ATTACHMENTS.						
2.	35605963 Amended to assign from NE SPC II LP by 37992005	Dec 23, 2021	Dec 23, 2026	Aleafia Health Inc. Emblem Cannabis Corporation Aleafia Farms Inc.	Red White & Bloom Brands Inc.	GCD: see below

Aleafia Health Inc. Nova Scotia						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Description
				Emblem Corp. Canabo Medical Corporation Aleafia Inc.		
General Collateral Description: A security interest is taken in all of the debtor's present and after-acquired personal property.						

Aleafia Health Inc. Newfoundland and Labrador						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	19513423 Amended by 20869350	Dec 23, 2021	Dec 23, 2026	Aleafia Health Inc. Emblem Cannabis Corporation Aleafia Farms Inc. Emblem Corp. Canabo Medical Corporation Aleafia Inc.	Red White & Bloom Brands Inc.	GCD: see below
General Collateral Description: A security interest is taken in all of the debtor's present and after-acquired personal property.						

Emblem Corp. Ontario						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	20191025 1944 1531 4077 Amended debtor's name by 20191122 1450 1530 0922	756931194	Oct 25, 2024	Emblem Corp.	The Toronto-Dominion Bank - 10202	A, O GCD: see below

Emblem Corp. Ontario						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
General Collateral Description: Assignment of Term Deposits and Credit Balances						
2.	20211220 1038 1590 0437 Assigned from NE SPC II LP by 20230607 1038 1590 6674	779149026	Dec 20, 2026	Emblem Corp.	Red White & Bloom Brands Inc.	I, E, A, O, MV
3.	20220623 0958 1793 1947	784253547	June 23, 2032	Emblem Corp.	Computershare Trust Company of Canada	I, E, A, O, MV
4.	20220822 1146 1793 6263	785999736	Aug 22, 2027	Emblem Corp.	1260356 Ontario Limited	I, E, A, O, MV

Emblem Cannabis Corporation Ontario						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	20160713 1339 2505 2407 Renewed for 5 years by 20210629 1356 6083 1940	718574319	Jul 13, 2026	Emblem Cannabis Corporation (OCN: 3087725) <i>3 locations</i>	Evoqua Water Technologies Ltd.	E GCD: see below
General Collateral Description: To secure payment and performance of all obligations debtor hereby grants to secured party a continuing purchase money security interest in the following equipment described and attached as exhibit a. Secured party's purchase money security interest is explicitly limited to outstanding obligations between secured party and debtor. Exhibit a ONE (1) WATER PURIFICATION SYSTEM CONTAINING THE FOLLOWING WATER TREATMENT SYSTEM COMPONENTS ONE (1) BLEND PANEL - THERMOSTATIC ONE (1) ALTERNATING DELUXE CARBON FILTERS 24" DIA. X 72" HEIGHT ONE (1) GRUNDFOS DOSING SYSTEM - ANTISCALANT ONE (1) RO UNIT - M41 GP W/ 4 MEMBR MODULE EXPANDABLE TO 8 TWO (2) UV TROJAN VIQUA E4+ TWO (2) GRUNDFOS PUMPS CME 5-4 ONE (1) BLENDING PANEL CONTROLLER, FLOW METER, CONTROL VALVE & CONDUCTIVITY PROBE ONE (1) SKID FRAME FOR HOUSING RECIRCULATION PUMPS AND EQUIPMENT ONE (1) ELECTRICAL PANEL TWO (2) PRESSURE RELIEF - PUMP DISCHARGE TWO (2) PRESSURE REDUCING REGULATORS TWO (2) VENT FILTER HOUSING ON RO PRODUCT TWO (2) SPRAY BALL IN RO PRODUCT TANK ONE (1) MULTI-POINT LEVEL SWITCH ON RO PRODUCT TANK THREE (3) BIG BLUE 20" FILTERS.						
2.	20200521 1634 1532 9232	762028083	May 21, 2025	Emblem Cannabis Corporation <i>2 locations</i>	Ryder Material Handling ULC Crown Lift Trucks	E, O NFMD GCD: see below

Emblem Cannabis Corporation Ontario						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
	General Collateral Description: ONE NEW 2019 CROWN SC5245-40TT-190" LIFT TRUCK(S), together with all attachments accessories accessions replacements substitutions additions and improvements thereto and all proceeds in any form derived directly or indirectly from any sale serial number(s) - 10153234					
3.	20211001 1325 9234 9061	776940669	Oct 1, 2024	Emblem Cannabis Corporation	1260356 Ontario Limited	I, E, A, O, MV GCD: see below
	General Collateral Description: All present and after acquired personal property of the debtor now or at any time and from time to time, located at and used primarily in connection with or arising from the real and immoveable property municipally described as 378 South Service Road, Grimsby, Ontario and legally described on PIN 46033-0368(LT) (the "Lands") or which comprise any part thereof, or which in any way relates to the development, construction, use, management and subdivision of the Lands, but excluding any cannabis or cannabis derived products. Proceeds, goods, inventory, chattel paper, documents of title, instruments, money, intangibles, accounts and investment property (all as defined in the Personal Property Security Act) and insurance proceeds.					
4.	20211130 1044 1590 6580 Amended secured party address by 20211220 1025 1590 0431 Amended debtor address by 20211220 1029 1590 0432 Renewed for 3 years by 20211220 1046 1590 0452 Assigned from NE SPC II LP by 20230607 1040 1590 6679	778627089	Nov 30, 2026	Emblem Cannabis Corporation	Red White & Bloom Brands Inc.	I, E, A, O, MV
5.	20220623 0959 1793 1949	784253943	June 23, 2032	Emblem Cannabis Corporation	Computershare Trust Company of Canada	I, E, A, O, MV
6.	20220822 1146 1793 6264	785999754	Aug 22, 2027	Emblem Cannabis Corporation	1260356 Ontario Limited	I, E, A, O, MV
7.	20221025 1748 1532 7310	787871862	Oct 25, 2027	Emblem Cannabis Corporation	Crown Lift Trucks Inc. Ryder Material Handling ULC	E, O NFMD GCD: see below
	General Collateral Description: ONE USED 2014 CROWN C51050-50 LIFT TRUCK(S), together with all attachments accessories accessions replacements substitutions additions and improvements thereto and all proceeds in any form derived directly or indirectly from any sale serial number(s) - 9A209070					
8.	20230306 1235 1793 1615	791240319	Mar 6, 2025	Emblem Cannabis Corporation	CAM Packaging Systems	E \$398,904

Emblem Cannabis Corporation Ontario						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
						DOM: 31Mar2025 GCD: see below
General Collateral Description: 2023 - CAM - CMHW16 - 2108007MW16 2023 - CAM - CPF-2300-SO - CPF-2300-SO 2023 - CAM - CR8-250Z - 2006003PB 2023 - CAM - CCW-2500 - 2211004CW 2023 - CAM - VIB - 2006001FB						

Emblem Cannabis Corporation Newfoundland and Labrador						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Description
1.	19513423 Amended to assign from NE SPC II LP by 20869350	Dec 23, 2021	Dec 23, 2026	Aleafia Health Inc. Emblem Cannabis Corporation Aleafia Farms Inc. Emblem Corp. Canabo Medical Corporation Aleafia Inc.	Red White & Bloom Brands Inc.	GCD: see below
General Collateral Description: A security interest is taken in all of the debtor's present and after-acquired personal property.						

Aleafia Farms Inc. Ontario						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	20210311 1003 1462 8487	770485293	Mar 11, 2025	Aleafia Farms Inc.	Kubota Canada Ltd.	E, O, MV \$97,989 NFMD

Aleafia Farms Inc. Ontario						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/ Description
				Aleafia Health Inc. (10Oct2000)		MV details below GCD: see below
Motor Vehicle Collateral: 2021 KUBOTA !SVL97-2 KBCZ064CTL1M60164 General Collateral Description: 2021 KUBOTA !SVL97-2 KBCZ064CTL1M60164						
2.	20210325 1306 1862 4166	770909499	Mar 25, 2027	Aleafia Farms Inc.	Linde Canada Inc.	E GCD: see below
General Collateral Description: Equipment supplied by the secured party, consisting of bulk cryogenic storage tanks used for the storage, filling and delivery of industrial and medical gases including, without limitation, argon, hydrogen, carbon dioxide, nitrogen, nitrous oxide and oxygen, and cryogenic freezers, together with all related accessories, parts, components and attachments and all proceeds of or relating to any of the foregoing as well as all present or after-acquired property that may be derived from the sale or other disposition of the collateral described herein.						
3.	20210526 1001 1462 7536	772809228	May 26, 2027	Aleafia Farms Inc. Aleafia Health Inc. (10Oct2000)	Kubota Canada Ltd.	E, O, MV \$36,367 NFMD MV details below GCD: see below
Motor Vehicle Collateral: 2021 KUBOTA #MX5400HSTRC KBUL3BHRJM8A18436 General Collateral Description: 2021 KUBOTA #MX5400HSTRC KBUL3BHRJM8A18436						
4.	20211001 1323 9234 9060 Amended the GCD by 20220208 1145 9234 1310	776939868	Oct 1, 2024	Aleafia Farms Inc.	1260356 Ontario Limited	I, E, A, O, MV GCD: see below
General Collateral Description: All present and after acquired personal property of the debtor now or at any time and from time to time, located at and used primarily in connection with or arising from the real and immoveable property municipally described as 378 South Service Road, Grimsby, Ontario and legally described on PIN 46033-0368(LT) and municipally described as 2540 Regional Road 19, Blackstock, Ontario and legally described on PIN 26764-0137 (LT) (collectively, the "Lands") or which comprise any part thereof, or which in any way relates to the development, construction, use, management and subdivision of the Lands, but excluding any cannabis or cannabis derived products. Proceeds, goods, inventory, chattel paper, documents of title, instruments, money, intangibles, accounts and investment property (all as defined in the Personal Property Security Act) and insurance proceeds.						
5.	20211220 1034 1590 0434 Assigned from NE SPC II LP by 20230607 1039 1590 6676	779148972	Dec 20, 2026	Aleafia Farms Inc.	Red White & Bloom Brands Inc.	I, E, A, O, MV

Aleafia Farms Inc. Ontario						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
6.	20220623 0958 1793 1948	784253682	June 23, 2032	Aleafia Farms Inc.	Computershare Trust Company of Canada	I, E, A, O, MV
7.	20220822 1147 1793 6268	785999808	Aug 22, 2027	Aleafia Farms Inc.	1260356 Ontario Limited	I, E, A, O, MV

Aleafia Farms Inc. Nova Scotia						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	35605963 Amended to assign from NE SPC II LP by 37992005	Dec 23, 2021	Dec 23, 2026	Aleafia Health Inc. Emblem Cannabis Corporation Aleafia Farms Inc. Emblem Corp. Canabo Medical Corporation Aleafia Inc.	Red White & Bloom Brands Inc.	GCD: see below
General Collateral Description: A security interest is taken in all of the debtor's present and after-acquired personal property.						

Aleafia Farms Inc. Newfoundland and Labrador						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	19513423 Amended by 20869350	Dec 23, 2021	Dec 23, 2026	Aleafia Health Inc.	Red White & Bloom Brands Inc.	See below

Aleafia Farms Inc. Newfoundland and Labrador						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				Emblem Cannabis Corporation Aleafia Farms Inc. Emblem Corp. Canabo Medical Corporation Aleafia Inc.		
General Collateral Description: A security interest is taken in all of the debtor's present and after-acquired personal property.						

Aleafia Inc. Ontario						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	20211220 1041 1590 0439 Assigned from NE SPC II LP by 20230607 1039 1590 6677	779149098	Dec 20, 2026	Aleafia Inc.	Red White & Bloom Brands Inc.	I, E, A, O, MV
2.	20220623 0957 1793 1945	784253295	June 23, 2032	Aleafia Inc.	Computershare Trust Company of Canada	I, E, A, O, MV
3.	20220822 1147 1793 6266	785999772	Aug 22, 2027	Aleafia Inc.	1260356 Ontario Limited	I, E, A, O, MV

Aleafia Inc. Nova Scotia						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Description
1.	35605963 Amended to assign from NE SPC II LP by 37992005	Dec 23, 2021	Dec 23, 2026	Aleafia Health Inc. Emblem Cannabis Corporation	Red White & Bloom Brands Inc.	GCD: see below

Aleafia Inc. Nova Scotia						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Description
				Aleafia Farms Inc. Emblem Corp. Canabo Medical Corporation Aleafia Inc.		
General Collateral Description: A security interest is taken in all of the debtor's present and after-acquired personal property.						

Aleafia Inc. Newfoundland and Labrador						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Description
1.	19513423 Amended by 20869350	Dec 23, 2021	Dec 23, 2026	Aleafia Health Inc. Emblem Cannabis Corporation Aleafia Farms Inc. Emblem Corp. Canabo Medical Corporation Aleafia Inc.	Red White & Bloom Brands Inc.	See below
General Collateral Description: A security interest is taken in all of the debtor's present and after-acquired personal property.						

Canabo Medical Corporation Ontario						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	20211220 1039 1590 0438 Assigned from NE SPC II LP by 20230607 1040 1590 6678	779149044	Dec 20, 2026	Canabo Medical Corporation	Red White & Bloom Brands Inc.	I, E, A, O, MV
2.	20220623 0957 1793 1946	784253457	June 23, 2032	Canabo Medical Corporation	Computershare Trust Company of Canada	I, E, A, O, MV
3.	20220822 1146 1793 6265	785999763	Aug 22, 2027	Canabo Medical Corporation	1260356 Ontario Limited	I, E, A, O, MV

Canabo Medical Corporation Nova Scotia						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Description
1.	35605963 Amended to assign from NE SPC II LP by 37992005	Dec 23, 2021	Dec 23, 2026	Aleafia Health Inc. Emblem Cannabis Corporation Aleafia Farms Inc. Emblem Corp. Canabo Medical Corporation Aleafia Inc.	Red White & Bloom Brands Inc.	GCD: see below
General Collateral Description: A security interest is taken in all of the debtor's present and after-acquired personal property.						

Canabo Medical Corporation Newfoundland and Labrador						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	19513423 Amended by 20869350	Dec 23, 2021	Dec 23, 2026	Aleafia Health Inc. Emblem Cannabis Corporation Aleafia Farms Inc. Emblem Corp. Canabo Medical Corporation Aleafia Inc.	Red White & Bloom Brands Inc.	See below
General Collateral Description: A security interest is taken in all of the debtor's present and after-acquired personal property.						

This is Exhibit “KK” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han". The signature is fluid and cursive, with the first name "Samantha" being more prominent than the last name "Han".

Commissioner for Taking Affidavits

ASSIGNMENT OF INDEBTEDNESS AND SECURITY

This Assignment of Indebtedness and Security (the “**Agreement**”) made this 6th day of June, 2023.

NE SPC II LP

(hereinafter referred to as the “**Assignor**”),

- and-

RED WHITE & BLOOM BRANDS INC.

(hereinafter referred to as the “**Assignee**”)

- and-

ALEAFIA HEALTH INC.,

(hereinafter referred to as “**Aleafia**”)

- and-

EMBLEM CANNABIS CORPORATION

(hereinafter referred to as “**ECC**”)

- and-

ALEAFIA FARMS INC.

(hereinafter referred to as “**Aleafia Farms**”)

- and-

EMBLEM CORP.

(hereinafter referred to as “**Emblem**”)

-and-

CANABO MEDICAL CORPORATION,

(hereinafter referred to as “**Canabo**”)

-and-

ALEAFIA INC.

(hereinafter referred to as “**AI**”)

WHEREAS:

- (a) The Assignor has made loans (the **“Loans”**) to Aleafia, ECC and Aleafia Farms (collectively, the **“Borrowers”**) pursuant to a loan agreement dated December 24, 2021, as amended by amending agreements dated as of March 28, 2022 and June 17, 2022 and subject to an amended and restated accommodation agreement dated as of May 15, 2023 (as amended by amending agreement dated as of May 31, 2023, between the Assignor and the Borrowers (collectively, the **“Loan Agreement”**)). The Borrowers are indebted and liable to the Assignor under the Loans in the sum of CDN\$13,752,408.94, being comprised of principal, interest, and costs as set out in **Schedule “A”** hereto as of June 5, 2023, being all of the indebtedness owing by the Borrowers to the Assignor (the **“Indebtedness”**);
- (b) Emblem, Canabo and AI (collectively, the **“Guarantors”**) have each guaranteed the Indebtedness of the Borrowers to the Assignor pursuant to written guarantees (collectively, the **“Guarantees”**), each of which is more particularly described in **Schedule “B”** hereto;
- (c) The Borrowers and the Guarantors have executed and delivered in favour of the Assignor certain security and ancillary documents in connection with the Indebtedness, including, without limitation, the security and ancillary documents in **Schedule “B”** hereto (collectively referred to herein as the **“Security”**, and collectively with the Guarantees and the Loan Agreement, the **“Loan and Security Documents”**), as general and continuing security for the Indebtedness; and
- (d) The Assignor has agreed to assign the Indebtedness and the Loan and Security Documents to the Assignee on the terms described herein.

NOW THEREFORE in consideration of the payment by the Assignee to the Assignor of the amount of Canadian Twelve Million Five Hundred Thousand Dollars (\$12,500,000.00) (the **“Payment Amount”**) in certified funds or by wire transfer, the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by each party to the other, the parties hereto agree as follows:

**ARTICLE 1
ASSIGNMENT**

1.01 Assignment

The Assignor hereby absolutely and irrevocably assigns, transfers and sets over unto the Assignee, its successors and assigns, the Indebtedness and the Loan and Security Documents, and all the right, title and interest of the Assignor in the Indebtedness and the Loan and Security Documents, together with the full benefit of all powers and all covenants and provisos contained in the Loan and Security Documents effective as of the date hereof (the **“Closing Date”**), the whole without any novation.

1.02 Have and Hold

The Assignee shall have and hold the Indebtedness, the Loan and Security Documents and all monies arising in respect thereof and to accrue thereon together with the interest and costs properly eligible thereon and the property, assets and undertaking of the Borrowers and the Guarantors thereby secured, mortgaged, charged, and assigned to the use of the Assignee, its successors and assigns, absolutely, but subject always to the terms and provisions contained herein.

1.03 Consent of Borrowers and the Guarantors

The Borrowers and the Guarantors consent to the terms of the Assignment of the Indebtedness and the Loan and Security Documents described herein and covenant and agree to be bound by same.

1.04 Acknowledgement of Indebtedness and Security

The Borrowers and the Guarantors each hereby irrevocably acknowledges, represents, warrants and covenants to and in favour of the Assignor and the Assignee that the Indebtedness is as set out in Schedule "A" hereto, is due and owing without set-off, counterclaim, other claims or dispute whatsoever, and constitutes all of the indebtedness of the Borrower to the Assignor, that the Loan and Security Documents listed in Schedule "B" attached hereto form all of the loan and security documentation with respect to the Indebtedness and that each Loan and Security Document to which it is a party is valid, binding and enforceable against it and is hereby confirmed in accordance with its terms.

1.05 Signatories on Bank Account at The Toronto Dominion Bank

The Borrowers and Guarantors hereby covenant and agree to take all steps necessary, on the Closing Date, to add two (2) signatories of the Assignee, as designated by the Assignee, as the only authorized signatories to the blocked account (the "**Blocked Account**") that is currently the subject of the blocked account agreement (the "**Blocked Account Agreement**") dated as of May 19, 2022 between The Toronto-Dominion Bank ("**TD**"), ECC and the Assignor, and provide confirmation of same to the Assignee.

ARTICLE 2 PAYMENT AMOUNT

2.01 Payment of Payment Amount

The Assignee shall pay to the Assignor the Payment Amount on the Closing Date by certified funds drawn on a Canadian chartered bank, or by way of wire transfer of immediately available funds.

ARTICLE 3 ASSIGNOR'S COVENANTS

3.01 Indebtedness Owing and Payable

The Assignor represents, warrants and covenants with the Assignee that (i) the Indebtedness is as set out in Schedule "A" hereto and constitutes all of the indebtedness of the Borrower to the Assignor, (ii) the Loan and Security Documents listed in Schedule "B" are all of the loan and security documentation to which the Assignor, the Borrowers and the Guarantors are a party to in connection with the Indebtedness, (iii) the Assignor is the legal and beneficial owner of the rights and interests being assigned by it under this Agreement, has the right to convey its right, title and interests in and to same, and those rights and interests are free and clear of any adverse claim, (iv) the Assignor has not released, discharged, sold, transferred, conveyed, participated or previously assigned all or any part of the Indebtedness or Loan and Security Documents, (v) the Assignor has not granted a security interest to any party or otherwise encumbered the Indebtedness or the Loan and Security Documents and (vi) the Assignor has not limited or postponed the Security granted pursuant to the Loan and Security Documents. If the Assignor discovers any security granted to it in respect of the Indebtedness not listed in Schedule "B", the Assignor agrees to deliver such security to the Assignee in accordance with the terms hereof at the Assignee's expense. These representations and warranties shall survive closing.

3.02 Non-Assignable Security

To the extent that any of the Loan and Security Documents or Security referenced herein is not assignable or is not assignable without the consent of a third party (the "**Non-Assignable Security**"), this Agreement shall not assign such Non-Assignable Security, same shall be held in trust for the Assignee to convey, transfer and assign same as the Assignee may from time to time direct, and shall only actually assign such security upon the necessary consent of such third party being received by the Assignor and the Assignee. To the best of the Assignor's knowledge, the only Loan and Security Document that is not assignable without the consent of a third party is the Blocked Account Agreement.

3.03 Interest in the Blocked Account

- (a) The Assignor hereby covenants and agrees that, on the Closing Date, it shall provide TD with a release of interest in, and termination of, the Blocked Account Agreement, and deliver any document required by the Assignee or TD in order to remove representatives of the Assignor as authorized signatories on the Blocked Account.
- (b) From and after the Closing Date, should the Assignor receive any funds from the Blocked Account notwithstanding the release of interest and termination contemplated in paragraph 3.03 (a) above, the Assignor shall hold any such funds received in trust for the benefit of the Assignee, and remit such funds at the Assignee's expense to the Assignee upon receipt of same.

3.04 Interest in Insurance Policies

Contemporaneously with the execution of this Agreement, the Assignor shall deliver a release of interest in the insurance policies for the property (or title thereof), assets or undertaking of the Borrowers or Guarantors.

3.05 No Further Representations or Warranties

Save as contained herein, the Assignor makes no representation, warranty or covenant as to any matter or thing whatsoever, including, without limitation, the validity, perfection, effect of perfection or non-perfection, enforceability or priority of the Indebtedness or the Security or as to the existence of, value of or title to the collateral described therein.

ARTICLE 4 ASSIGNEE'S COVENANTS

4.01 Assignee's Due Diligence

The Assignee represents, warrants, agrees and covenants with the Assignor that it has relied upon its own due diligence and has satisfied itself with respect to all things relating to the terms of this Agreement, the Loans, the Indebtedness and the Security and it is accepting the assignment of the Indebtedness, the Loans and the Security on an "as is, where is" basis, without recourse or claims for indemnity for any defect with respect thereto against the Assignor in any respect, save and except for the representations, warranties and covenants contained in Article 3 herein. These representations and warranties shall survive closing.

4.02 No Representations or Warranties

The Assignee represents, warrants and covenants with the Assignor that, save as contained herein, the Assignor has made no representations, warranties, covenants, agreements, promises or statements, express or implied or by statute, as to any cause, matter or thing whatsoever, including, without limitation, with respect to or in any way connected with the Loans, the Indebtedness or the Security, including, without limiting the generality of the foregoing, the validity, enforceability, registration, perfection or priority of the Security or any part thereof, or the nature, description or value of the collateral charged by the Security or any part thereof.

4.03 Registration

The Assignee hereby undertakes and agrees to register such documents, file such statements and give such notices as may be required to record the assignment of the Loan and Security Documents and the Assignee and its solicitors are hereby authorized to do so and the Assignee shall forthwith provide the Assignor with evidence in respect thereof.

4.04 Dealings with Loan and Security Documents

The Assignee agrees that the enforcement of, and all other dealings with, the Indebtedness and Loan and Security Documents shall be done in the name of the Assignee and not in the name of the Assignor.

ARTICLE 5 MISCELLANEOUS

5.01 Release of Borrowers and Guarantors

The Borrowers and the Guarantors (and each of their respective officers, directors, employees, heirs, executors, administrators, successors and assigns) do each hereby release, acquit, remise and forever discharge the Assignor (and each of its officers, directors, agents, consultants, counsel, employees, heirs, executors, administrators, successors and assigns) from any and all actions, causes of action, suits, debts, dues, accounts, covenants, contracts, demands, proceedings and claims for injuries, losses, damages, costs, expenses, whether at law or in equity or otherwise, which the Borrowers and the Guarantors had, now have or may hereafter have against the Assignor. This release shall survive closing and may be pleaded as a full and complete defence and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of this release and no fact, event, circumstance, evidence or transaction which could now be asserted or which may later be discovered will affect in any manner the final, absolute and unconditional nature of this release.

5.02 Jurisdiction

This Agreement shall be construed and interpreted in accordance with the laws of the Province of Ontario. The parties hereto irrevocably attorn to the non-exclusive jurisdiction of the Ontario courts in connection with, related to or in any way arising from this Agreement.

5.03 Successors and Assigns

The parties hereto agree that this Agreement shall enure to the benefit of, and be binding upon, the parties hereto and their respective heirs, executors, administrators, successors and assigns.

5.04 Execution in Counterparts and by Electronic Signature

This Agreement may be executed manually, or by electronic signature by the parties hereto and may be executed in separate counterparts, each of which when so executed and delivered shall be an original, and such counterparts shall together constitute one and the same instrument.

5.05 Further Assurances

Each of the Assignor, the Assignee the Borrowers and the Guarantors shall, at the cost of the Borrowers, from time to time, execute and deliver such further documents and instruments and do all such acts and things as the Assignor or Assignee may reasonably require to effectively carry out, evidence or effect the full intent and meaning of this Agreement.

5.06 Time is of the Essence

Time shall in all respects be of the essence in this Agreement.

5.07 Schedules

Each and every one of the Schedules, which is referred to in this Agreement and attached to this Agreement shall form a part of this Agreement.

5.08 Receipt of Documents

The Assignee, the Borrowers and the Guarantors hereby acknowledge receipt of a true copy of this Agreement and the Loan and Security Documents.

5.09 Titles and Headings

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

5.10 Entire Agreement

This Agreement constitutes the entire agreement between the Assignor, the Assignee, the Borrowers and the Guarantors with respect to the subject matter hereof. There are no representations, warranties, conditions, other agreements or acknowledgements whether direct or collateral, express or imply, that form part of or affect this Agreement other than those set forth herein. No party to this Agreement relies upon or regards as material, any representations, warranties, conditions, other agreements or acknowledgements not expressly made in this Agreement or in the agreements and other documents to be delivered pursuant hereto.

5.11 Severability

If any provision of this Agreement is determined to be invalid or unenforceable by a Court of competent jurisdiction from which no further appeal lies or is taken, that provision shall be deemed to be severed herefrom, and the remaining provisions of this Agreement shall not be affected thereby and shall remain valid and enforceable.

5.12 Mutual Representations

Each of the parties represent and warrant to the other parties that (1) all necessary action to execute and deliver this Agreement has been taken, (2) no notices, approvals, consents or authorizations are needed for the due execution, delivery and performance of this Agreement and (3) this Agreement has been duly authorized, executed and delivered by such party and constitutes a legal, valid and binding obligation of such party enforceable against it in accordance with the terms of this Agreement.

[signature pages follow]

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

AS ASSIGNOR:

**NE SPC II LP, by its general partner,
NEXT EDGE GENERAL PARTNER
(ONTARIO) INC.**

By: /s/ "Cheng Dang"
Name: Cheng Dang
Title: Authorized Signing Officer

(I have the authority to bind the
Corporation)

AS ASSIGNEE:

RED WHITE & BLOOM BRANDS INC.

By: /s/ "Eddie Mattei"
Name: Eddie Mattei
Title: Chief Financial Officer

(I have the authority to bind the
Corporation)

AS BORROWERS:

ALEAFIA HEALTH INC.

By: /s/ "Patricia Symmes"
Name: Patricia Symmes
Title: Chief Executive Officer

By: /s/ "Matthew Sale"
Name: Matthew Sale
Title: Chief Financial Officer

(We have the authority to bind the
Corporation)

EMBLEM CANNABIS CORPORATION

By: /s/ "Patricia Symmes"
Name: Patricia Symmes
Title: President

By: /s/ "Matthew Sale"
Name: Matthew Sale
Title: Secretary-Treasurer

(We have the authority to bind the Corporation)

ALEAFIA FARMS INC.

By: /s/ "Patricia Symmes"
Name: Patricia Symmes
Title: President

By: /s/ "Matthew Sale"
Name: Matthew Sale
Title: Secretary-Treasurer

(We have the authority to bind the Corporation)

AS GUARANTORS:

EMBLEM CORP.

By: /s/ "Patricia Symmes"
Name: Patricia Symmes
Title: President

By: /s/ "Matthew Sale"
Name: Matthew Sale
Title: Secretary-Treasurer

(We have the authority to bind the Corporation)

CANABO MEDICAL CORPORATION

By: /s/ "Patricia Symmes"
Name: Patricia Symmes
Title: President

By: /s/ "Matthew Sale"
Name: Matthew Sale
Title: Secretary-Treasurer

(We have the authority to bind the Corporation)

ALEAFIA INC.

By: /s/ "Patricia Symmes"
Name: Patricia Symmes
Title: President

By: /s/ "Matthew Sale"
Name: Matthew Sale
Title: Secretary-Treasurer

(We have the authority to bind the Corporation)

SCHEDULE A

INDEBTEDNESS OF BORROWERS TO NE SPC II LP AT JUNE 5, 2023

	Principal Balance	Accrued Interest and Charges	Total	Per Diem Interest*
Revolving Loan	1,369,880.18	212,946.20	1,582,826.38	589.24
Term Loan	12,130,941.80	26,089.85	12,157,031.65	5,217.97
Legal Fees			\$12,550.91	
Total	13,500,821.98	239,036.05	13,752,408.94	5,807.21
<i>* Per Diem interest valid until June 30, 2023</i>				

SCHEDULE B

LOAN AND SECURITY DOCUMENTS

Unless otherwise indicated, each of the Security Documents is dated as of December 24, 2021.

1. a guarantee and postponement agreement by Emblem in favour of the Assignor;
2. a guarantee and postponement agreement by Canabo in favour of the Assignor;
3. a guarantee and postponement agreement by AI in favour of the Assignor;
4. a general security agreement by Emblem in favour of the Assignor;
5. a general security agreement by Canabo in favour of the Assignor;
6. a general security agreement by AI in favour of the Assignor;
7. a general security agreement by Aleafia in favour of the Assignor;
8. a general security agreement by ECC in favour of the Assignor;
9. a general security agreement by Aleafia Farms in favour of the Assignor;
10. a general assignment of rents by ECC in favour of the Assignor;
11. a general assignment of rents by Aleafia Farms in favour of the Assignor;
12. a subordination, postponement and standstill agreement from 1260356 Ontario Limited in favour of the Assignor;
13. a subordination, postponement and standstill agreement from Computershare Trust Company of Canada in favour of the Assignor dated as of August 26, 2022;
14. an assignment of insurance monies by Emblem in favour of the Assignor;
15. an assignment of insurance monies by Canabo favour of the Assignor;
16. an assignment of insurance monies by AI favour of the Assignor;
17. an assignment of insurance monies by Aleafia in favour of the Assignor;
18. an assignment of insurance monies by ECC in favour of the Assignor;
19. an assignment of insurance monies by Aleafia Farms in favour of the Assignor;
20. a notice of security interest in intellectual property by ECC in favour of the Assignor;
21. a notice of security interest in intellectual property by AI in favour of the Assignor;

22. a notice of security interest in intellectual property by Aleafia in favour of the Assignor;
23. an environmental warranty and indemnity by Aleafia, ECC, Aleafia Farms, Emblem, AI and Canabo in favour of the Assignor;
24. a charge/mortgage in the principal amount of \$19,000,000 over, [redacted address] Paris, Ontario (the “**Paris Property**”) by ECC in favour of the Assignor;
25. a charge/mortgage in the principal amount of \$19,000,000 over, [redacted address] Grimsby, Ontario (the “**Grimsby Property**”) by Aleafia Farms in favour of the Assignor;
26. a notice of assignment of general rents over the Paris Property by ECC in favour of the Assignor;
27. a notice of assignment of general rents over the Grimsby Property by Aleafia Farms in favour of the Assignor;
28. a postponement of interest over the Paris Property by 1260356 Ontario Limited in favour of the Assignor;
29. a postponement of interest over the Grimsby Property by 1260356 Ontario Limited in favour of the Assignor;
30. an acknowledgement and direction re charge/mortgage over the Paris Property by ECC in favour of the Assignor;
31. an acknowledgement and direction re charge/mortgage over the Grimsby Property by Aleafia Farms in favour of the Assignor;
32. an acknowledgement and direction re general assignment of rents over the Paris Property by ECC in favour of the Assignor;
33. an acknowledgement and direction re general assignment of rents over the Grimsby Property by Aleafia Farms in favour of the Assignor;
34. an acknowledgement and direction re postponement of interest over the Paris Property by 1260356 Ontario Limited in favour of the Assignor;
35. an acknowledgement and direction re postponement of interest over the Grimsby Property by 1260356 Ontario Limited in favour of the Assignor;
36. an acknowledgement re standard charge terms by ECC in favour of the Assignor;
37. an acknowledgement re standard charge terms by Aleafia Farms in favour of the Assignor;
38. the title insurance policy no. 211221001442 issued by First Canadian Title in favour of the Assignor; and
39. the Blocked Account Agreement.

AMENDING AGREEMENT

THIS AGREEMENT is made as of the 31st day of May, 2023 (the “**Effective Date**”),

BETWEEN:

**NE SPC II LP
 (“NE SPC II”)**

– and –

**ALEAFIA HEALTH INC., EMBLEM CANNABIS CORPORATION and ALEAFIA
 FARMS INC.
 (collectively, the “Borrowers”)**

– and –

**EMBLEM CORP., CANABO MEDICAL CORPORATION and ALEAFIA INC.
 (collectively, the “Guarantors”)**

RECITALS:

- A. The Borrowers, the Guarantors and NE SPC II are party to an Amended and Restated Accommodation Agreement dated as of May 15, 2023 (the “**Accommodation Agreement**”) in respect of a Loan Agreement dated as of December 24, 2021, as amended by agreements dated March 28, 2022 and June 17, 2022 (collectively, the “**Loan Agreement**”) and the various security agreements delivered to NE SPC II in connection thereto (collectively, the “**Security Documents**”).
- B. At the request of the Borrowers and the Guarantors, NE SPC II has agreed to extend the period of (i) the various accommodations granted to the Borrowers under the Loan Agreement; and (ii) the forbearance from enforcing the Security Documents, granted under the Accommodation Agreement subject to and in accordance with the terms of this amending agreement (the “**Agreement**”).

NOW THEREFORE THIS AGREEMENT WITNESSETH that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties agree effective as of the date hereof as follows:

1. Section 2.2 of the Accommodation Agreement is hereby deleted and replaced with the following:

“**Indebtedness.** The Credit Parties acknowledge that as of May 31, 2023, the amount owing to NE SPC II under the Loan Agreement and secured by the Security is the sum of \$13,710,821.98 for principal, interest and fees (net of legal fees), including \$1,352,599.04 under the Revolving Facility, \$11,971,313.50 under the Term Facility, the \$50,000 Amendment Fee and the \$190,000 facility fee (collectively, the “**Indebtedness**”). The Credit Parties confirm that the Indebtedness is unconditionally owing to NE SPC II, they do not dispute that they are liable to pay the Indebtedness to NE SPC II on any ground

whatsoever, they have no claim, demand, setoff, or counterclaim against NE SPC II on any basis whatsoever, and there is no matter, fact or thing which may be asserted by any of them in extinction or diminution of the Indebtedness or result in any bar to or delay in the recovery thereof. If there are any claims for setoff, counterclaim, or damages, they are hereby expressly released and discharged.”

2. Section 2.3 of the Accommodation Agreement is hereby deleted and replaced with the following:

“NE SPC II agrees to forbear and not take any steps to enforce the Loan Agreement, the Guarantees and the Security until the earliest of:


- (a) June 5, 2023; and
- (b) immediately on the occurrence of an Event of Default;


(hereinafter referred to as the “**Accommodation Termination Date**” and the period commencing on the Effective Date and ending on (but excluding) the Accommodation Termination Date is the “**Accommodation Period**”).”

3. The Borrower shall be responsible for all legal fees and disbursements incurred by the Lender in connection with the preparation and negotiation of this Agreement.
4. This Agreement is supplemental to and shall be read with and be deemed to be part of the Accommodation Agreement, which shall be deemed to be amended *mutatis mutandis* as herein provided and *pro tanto* to give effect to this Agreement.
5. All the terms and conditions of, and representations, warranties and covenants under the Accommodation Agreement, except insofar as the same are amended by the express provisions of this Agreement, are confirmed and ratified in all respects, shall survive and shall not merge with or be extinguished by the execution and delivery of this Agreement and shall hereafter continue in full force and effect, as amended.
6. This Agreement may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopier, PDF or by other electronic means shall be as effective as delivery of a manually executed counterparts.
7. The Borrower and the Guarantor agree that they will execute such further assurances with respect to this Agreement and the Credit Agreement as may be required to evidence the true intent and meaning of this Agreement.
8. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.
9. This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable herein.

IN WITNESS OF WHICH the parties have duly executed this Agreement on the date described above.

**NE SPC II LP, by its general partner,
NEXT EDGE GENERAL PARTNER
(ONTARIO) INC.**

Per: 
Name: Cheng Dang
Title: Director

Per: 
Name: David Scobie
Title: Director

I/We have authority to bind the partnership

ALEAFIA HEALTH INC.

EMBLEM CANNABIS CORPORATION

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the corporation

I/We have authority to bind the corporation

ALEAFIA FARMS INC.

EMBLEM CORP.

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the corporation

I/We have authority to bind the corporation

IN WITNESS OF WHICH the parties have duly executed this Agreement on the date described above.

**NE SPC II LP, by its general partner,
NEXT EDGE GENERAL PARTNER
(ONTARIO) INC.**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have authority to bind the partnership

ALEAFIA HEALTH INC.

DocuSigned by:
Matthew Sale
7083A185A879460...
Per: _____
Name: Matthew Sale
Title: CFO

DocuSigned by:
Tricia Symmes
1188450DEC0...
Per: _____
Name: Tricia Symmes
Title: Chief Executive Officer

I/We have authority to bind the corporation

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Matthew Sale
7083A185A879460...
Per: _____
Name: Matthew Sale
Title: CFO

DocuSigned by:
Tricia Symmes
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Tricia Symmes
1188450DEC0...
Per: _____
Name: Tricia Symmes
Title: Chief Executive Officer

I/We have authority to bind the corporation

CANABO MEDICAL CORPORATION

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: CFO

DocuSigned by:
Tricia Symmes
Per: _____
Name: Tricia Symmes
Title: Chief Executive Officer

I/We have authority to bind the corporation

ALEAFIA INC.

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: CFO

DocuSigned by:
Tricia Symmes
Per: _____
Name: Tricia Symmes
Title: Chief Executive Officer

I/We have authority to bind the corporation

FIRST AMENDED AND RESTATED ACCOMMODATION AGREEMENT

THIS AGREEMENT is made as of the 15th day of May, 2023 (the “**Effective Date**”),

BETWEEN:

**NE SPC II LP
 (“NE SPC II”)**

– and –

**ALEAFIA HEALTH INC., EMBLEM CANNABIS CORPORATION and ALEAFIA FARMS INC.
 (collectively, the “Borrowers”)**

– and –

**EMBLEM CORP., CANABO MEDICAL CORPORATION and ALEAFIA INC.
 (collectively, the “Guarantors”)**

RECITALS:

- A. Pursuant to a Loan Agreement dated as of December 24, 2021, as amended by agreements dated March 28, 2022 and June 17, 2022 (collectively, the “**Loan Agreement**”), NE SPC II made the Loan available to the Borrowers.
- B. The Borrowers and the Guarantors (collectively, the “**Credit Parties**”, and individually, a “**Credit Party**”) executed and delivered to NE SPC II various agreements as security for the indebtedness and other obligations and liabilities owed by the Borrowers to NE SPC II (collectively, the “**Security**”).
- C. At the request of the Credit Parties, NE SPC II agreed to (i) provide various accommodations to the Borrowers; and (ii) forbear from enforcing the Security Documents to provide the Borrowers additional time to repay their indebtedness to NE SPC II, subject to and in accordance with the terms of an Accommodation Agreement dated as of April 26, 2023 (the “**Original Accommodation Agreement**”).
- D. At the request of the Credit Parties, NE SPC II has agreed to extend the period of (i) the various accommodations to the Borrowers; and (ii) the forbearance from enforcing the Security Documents granted under the Original Accommodation Agreement, subject to and in accordance with the terms of this Amended and Restated Accommodation Agreement (the “**Agreement**”).

NOW THEREFORE THIS AGREEMENT WITNESSETH that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties agree that the Original Accommodation Agreement shall be amended and restated, without novation, in its entirety to read as follows:

ARTICLE 1 - INTERPRETATION

- 1.1 **Definitions.** In this Agreement, unless the context otherwise requires, all capitalized terms defined in the Loan Agreement and the Security and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement and the Security, as applicable.

- 1.2 **Gender and Number.** Words importing the singular include the plural and vice versa and words importing gender include all genders.
- 1.3 **Time.** Time is of the essence in the performance of the Credit Parties' obligations.
- 1.4 **Severability.** Each of the provisions contained in this Agreement is distinct and severable, and a declaration of invalidity, illegality, or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement.
- 1.5 **Headings.** The division of this Agreement into articles, sections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- 1.6 **Original Accommodation Agreement Amended and Restated.** This Agreement shall amend and restate the Original Accommodation Agreement in its entirety, with the parties hereby agreeing that there is no novation of the Original Accommodation Agreement. On the Effective Date, the rights and obligations of the parties under the Original Accommodation Agreement shall be subsumed within and be governed by this Agreement.
- 1.7 **Entire Agreement.** This Agreement, the Loan Agreement and the Security together with the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understanding or other agreements, oral or written, express, implied, or collateral between the parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.
- 1.8 **Governing Law.** This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 1.9 **Conflicts.** If there is any inconsistency or conflict between the terms of this Agreement and the terms of the Loan Agreement and the Security or any other agreement executed in connection therewith or herewith, the provisions of this Agreement shall prevail to the extent of the inconsistency.

ARTICLE 2 - ACKNOWLEDGEMENTS

- 2.1 **Recitals.** The parties hereto acknowledge and agree that each of the foregoing recitals is true and accurate both in substance and in fact.
- 2.2 **Indebtedness.** The Credit Parties acknowledge that as of May 11, 2023, the amount owing to NE SPC II under the Loan Agreement and secured by the Security is the sum of \$13,278,547.01 for principal, interest and fees (net of legal fees and the Amendment Fee), including \$1,117,233.51 under the Revolving Facility, \$11,971,313.50 under the Term Facility and the \$190,000 facility fee (collectively, the "**Indebtedness**"). The Credit Parties confirm that the Indebtedness is unconditionally owing to NE SPC II, they do not dispute that they are liable to pay the Indebtedness to NE SPC II on any ground whatsoever, they have no claim, demand, setoff, or counterclaim against NE SPC II on any basis whatsoever, and there is no matter, fact or thing which may be asserted by any of them in extinction or diminution of the Indebtedness or result in any bar to or

delay in the recovery thereof. If there are any claims for setoff, counterclaim, or damages, they are hereby expressly released and discharged.

- 2.3 **The Borrowers.** The Borrowers acknowledge and agree that the Loan Agreement and the Security now held by NE SPC II for payment and performance of the Indebtedness have not been released, waived, or varied, and is valid, binding, and enforceable against them in accordance with its written terms.
- 2.4 **Guarantees.** The Guarantors confirm that they have guaranteed the payment and performance of the Indebtedness and obligations owing by the Borrowers to NE SPC II, in accordance with terms of the guarantees delivered to NE SPC II (collectively, the “**Guarantees**”) and secured their obligation under the applicable Security. The Guarantors do not dispute their liability to NE SPC II under the applicable Guarantees and Security on any basis whatsoever and confirm that they have no claim for setoff, counterclaim, or damages on any basis whatsoever against NE SPC II. If there are any claims, they are hereby expressly released and discharged. The Guarantors confirm that the applicable Guarantees and Security have not been released, waived, or varied, that they are binding upon them and that they are valid and enforceable against them in accordance with their written terms.
- 2.5 **NE SPC II Rights.** Each of the Credit Parties acknowledges and agrees NE SPC II is currently entitled to take any and all enforcement action it deems necessary in its sole discretion in connection with the enforcement of its rights at law and under the Loan Agreement, the Guarantees and the Security. Each of the Credit Parties further acknowledges and agrees that except as provided in this Agreement, NE SPC II (by itself or through its employees or agents) has not made any promises, or taken any action or omitted to take any action which would constitute a waiver of its right to take any enforcement action in connection with the enforcement of the Loan Agreement, the Guarantees and the Security, or which would estop it from so doing and that no statement, representation, promise, act or omission by NE SPC II or its employees or agents shall create such a waiver or estoppel. Each of the Credit Parties acknowledges and agrees that by entering into this Agreement, NE SPC II, except as provided in this Agreement, has not waived any of its rights under any of the Loan Agreement, the Guarantees and the Security, including without limitation NE SPC II’s right to take any enforcement action in connection with the enforcement of the Loan Agreement, the Guarantees and the Security.

ARTICLE 3 - FORBEARANCE

- 3.1 The Credit Parties have requested, and NE SPC II has agreed to forbear from taking any steps to enforce the Loan Agreement, the Guarantees and the Security, subject to and in accordance with the terms of this Agreement.
- 3.2 NE SPC II agrees to forbear and not take any steps to enforce the Loan Agreement, the Guarantees and the Security until the earliest of:
- (a) May 31, 2023; and
 - (b) immediately on the occurrence of an Event of Default;
- (hereinafter referred to as the “**Accommodation Termination Date**” and the period commencing on the Effective Date and ending on (but excluding) the Accommodation Termination Date is the “**Accommodation Period**”).

3.3 NE SPC II's agreement to forbear is conditional upon:

- (a) ongoing communication from Borrower's management satisfactory to NE SPC II to keep NE SPC II informed of the status of potential transactions being contemplated in Borrower's ongoing strategic review process; and
- (b) notification by Borrower's management to NE SPC II to advise NE SPC II forthwith, and in any event within one (1) Business Day, of a proposal for a transaction that: (i) involves the acquisition of common shares of Borrower, representing 20% or more of the outstanding common shares of a Credit Party; (ii) involves the acquisition of assets of the Borrower or its affiliates, representing 5% or more of the total asset value of the Borrower and its affiliates taken as a whole; (iii) involves the acquisition or assignment of the indebtedness owing to NE SPC II under the Loan Agreement, or otherwise of Borrower or its affiliates, representing 5% or more of the total indebtedness of Borrower and its affiliates taken as a whole; (iv) is a merger, amalgamation, business combination or joint-venture involving Borrower or its affiliates; or (v) is any inquiry, proposal, offer or public announcement of an intention to do any of the foregoing (together a "**Strategic Transaction**"), and to provide NE SPC II a copy of such proposal.

ARTICLE 4 - AMENDMENT FEE

4.1 **Amendment Fee.** In consideration for NE SPC II's continued forbearance and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Credit Parties shall pay to NE SPC II a non-refundable amendment fee in the amount of \$20,000 which shall be fully earned on execution of this Agreement (the "**2nd Amendment Fee**"). The amendment fee in the amount of \$50,000 (being the aggregate of the 2nd Amendment Fee and the \$30,000 amendment fee which was fully earned on the execution of the Original Accommodation Agreement) shall form part of the Indebtedness, shall be secured by the Security, and shall be paid on the Accommodation Termination Date.

ARTICLE 5 - COVENANTS AND AGREEMENTS

5.1 **During the Accommodation Period:**

- (a) **Revolving Facility Advances and Limit.** Advances under the Revolving Facility will be available for Eligible Accounts based on the Lending Margin, provided that (i) the aggregate amount of all Advances made during the Accommodation Period shall not exceed \$750,000 and (ii) there shall be no draw-down of a Revolving Facility Advance if, after the Advance, (x) the aggregate of all Advances during the Accommodation Period would exceed \$750,000, or (y) the outstanding Loan Amount under the Revolving Facility would exceed the Revolving Facility Maximum Amount.
- (b) **Excise Duty Payments.** From May 15, 2023 to May 31, 2023, the Borrowers shall pay \$100,000 weekly to Canada Revenue Agency on account of their excise duty arrears and provide proof of payment within one (1) Business Day of such payment to NE SPC II.
- (c) **Proof of Priority Payables.** The Borrowers shall provide written evidence to NE SPC II within one (1) Business Day of due date that all Priority Payables arising after the date hereof have been paid, such written evidence to be in a form and content to the satisfaction of NE SPC II in its sole discretion, acting reasonably.
- (d) **Payments to Creditors.** Subject to Sections 5.1(b) and (h) of this Agreement, the Credit Parties shall utilize their available cash in a manner so as to ensure its continued operation,

and not to make any payments out of the ordinary course of business and to not prefer any unsecured creditor over other creditors.

- (e) **Agreements Out of Ordinary Course.** No Credit Party shall enter into any material agreements out of the ordinary course of business, except with the prior written consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably.
- (f) **Encumbrances, etc.** No Credit Party shall encumber, sell, transfer, convey, lease, or otherwise dispose of any of its assets or property out of the ordinary course of business without the prior written consent of NE SPC II, which consent may be withheld the sole discretion of NE SPC II, acting reasonably.
- (g) **Loans, Advances, etc.** No Credit Party shall, without the prior consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably, make any loans or advance money or property to any other person or invest in or purchase shares of another party or guarantee, assume or otherwise become responsible for the indebtedness, performance, or obligations of any other person.
- (h) **Remuneration.** Without the prior written consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably, no Credit Party shall make any distributions, directly or indirectly, to or for the benefit of any shareholder, director, officer, employee, or any other person not dealing at arm's-length with the Credit Parties, other than the current remuneration paid by each Credit Party to such individuals and commercially reasonable reimbursement of approved business expenses incurred by employees in accordance with Section 5.1(d) of this Agreement.
- (i) **Corporate Existence.** Each Credit Party shall maintain its corporate existence as valid and subsisting entities and shall not merge, amalgamate, or consolidate with any other corporation(s) without the prior written consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably.
- (j) **Access to Premises, Books and Records.** The Credit Parties shall upon request, permit NE SPC II and its advisors, representatives and agents, during normal business hours, to enter upon its premises to inspect their property and assets, and to examine and take away copies of all books and records relating thereto.
- (k) **Notice of Default.** The Credit Parties shall forthwith provide NE SPC II with written notice of the occurrence of an Event of Default hereunder.
- (l) **Notice of Proceedings.** The Credit Parties shall provide NE SPC II with notice of the commencement of any legal proceeding brought by any person against it within one (1) Business Day of receipt of same and provide NE SPC II with a copy of the relevant pleadings and diligently keep NE SPC II current and up to date with respect to the status of any such proceeding.
- (m) **Material Contracts.** The Credit Parties shall not surrender, terminate, repudiate, or amend, vary, or modify in a manner adverse to NE SPC II, acting reasonably, any material contract with respect to its property and assets without the prior written consent of NE SPC II which may be withheld in the sole discretion of NE SPC II, acting reasonably.
- (n) **Other Agreements.** The covenants and other terms and conditions contained in the Loan Agreement, the Guarantees and the Security shall continue in full force and effect, except

that, to the extent there exists any actual inconsistency between such provisions and the provisions of this Agreement, the provisions of this Agreement shall govern.

- (o) **Insolvency Proceedings.** No Credit Party shall commence any proceedings under *Bankruptcy and Insolvency Act* (Canada), (the “BIA”), the *Companies’ Creditors Arrangement Act* (Canada) (“CCAA”), or similar legislation without the prior written consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably. In the event that any Credit Party commences such proceedings, they agree that NE SPC II shall be an “unaffected creditor” under any such proceedings and hereby consents to a court order lifting any stay of proceeding as against NE SPC II.

5.2 **Additional Events of Default.** Any one or more of the following events will constitute an event of default under this Agreement (each an “Event of Default”):

- (a) commencement of any enforcement action by Canada Revenue Agency in respect of excise tax arrears;
- (b) a default or breach of any other obligation, promise, covenant, term, or condition occurs under this Agreement, the Loan Agreement, the Security after execution of this Agreement;
- (c) any representation or warranty made by any of the Credit Parties in the Loan Agreement or the Security, or in any certificate or other document delivered to NE SPC II in connection with the Loan Agreement, the Security or this Agreement, is false or misleading in any material respect;
- (d) the Borrowers has failed to irrevocably repay the Indebtedness to NE SPC II in full concurrently with the completion of a Strategic Transaction;
- (e) any default occurs under any credit, loan, security, forbearance, standstill or other agreements executed and delivered by any of the Credit Parties to any other creditor; or
- (f) if any financial reporting information provided by or on behalf of the Credit Parties to NE SPC II proves to be false, misleading, inaccurate, or incorrect in any material respect, or if there is a failure to provide NE SPC II with such financial reporting or other information as it may require from time to time acting reasonably.

5.3 **Remedies.** In addition to the rights and remedies available to NE SPC II under the Loan Agreement, the Guarantees, the Security and under this Agreement, at law or in equity, on the Accommodation Termination Date or upon the occurrence of an Event of Default, whichever is earlier:

- (a) the outstanding balance of the Indebtedness owing by the Borrowers to NE SPC II shall, at the option of NE SPC II, become immediately due and payable; and
- (b) the Security shall, at NE SPC II’s option, become enforceable in accordance with their terms, including without limitation NE SPC II’ right to the appointment of a private receiver or the court appointment of an interim receiver, national receiver and receiver and manager of the property, assets, and undertakings of any Credit Party.

ARTICLE 6 - GENERAL PROVISIONS

6.1 **Reimbursement.** The Credit Parties agree to reimburse NE SPC II in respect of all reasonable expenses (including fees and disbursements) which NE SPC II has incurred or will incur in

connection with the negotiation and preparation of this Agreement, and the administration and the enforcement of the Loan Agreement, the Guarantees, the Security, and this Agreement. To the extent such expenses have not been included in the Indebtedness, NE SPC II may pay such expenses directly and the amount so paid shall form part of the Indebtedness, shall bear interest from the date of payment at highest rate of interest set out in the Loan Agreement, the Guarantees and the Security and shall be secured by the Security.

- 6.2 **Release.** The Credit Parties hereby absolutely and irrevocably release, remise, acquit and forever discharge NE SPC II, its officers, directors, employees, Advisors, and agents (all of the foregoing hereinafter called the “**Released Parties**”) from any and all actions and causes of action, suits, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct or indirect, at law or in equity, of whatsoever kind or nature, for or because of any fact, matter or things done, omitted or suffered to be done by the Released Parties prior to and including the date of execution hereof, which are in any way directly or indirectly arising out of or in any way connected to this Agreement, the Loan Agreement, the Guarantees, the Security, and the administration and enforcement of the Loan Agreement, the Guarantees, the Security and the negotiation of this Agreement (the “**Released Matters**”). The Credit Parties acknowledge that the agreements in this paragraph are intended to be in full satisfaction of all or any alleged injuries, losses or damages arising in connection with the Released Matters. The Credit Parties represent and warrant to the Released Parties that they have not purported to transfer, assign, or otherwise convey any of their rights, title, or interest in any Released Matter to any other person and that the foregoing constitutes a full and complete release of all Released Matters. The foregoing release shall survive the termination of this Agreement, the Loan Agreement and the Security and payment in full of the Indebtedness.
- 6.3 **Independent Legal Advice.** The Credit Parties acknowledge that, in executing and delivering this Agreement, they have acted and continue to act freely and without duress. The Credit Parties acknowledge that the actions of NE SPC II in entering into this Agreement have been fair and reasonable and that NE SPC II (i) has not acted in a managerial capacity with respect to the Credit Parties, and (ii) has no fiduciary duty to the Credit Parties in connection with this Agreement, the Loan Agreement or the Security. The Credit Parties confirm that they have had the benefit of independent legal advice in connection with the negotiation of this Agreement. The Credit Parties hereby waive and agree not to assert or cause to be asserted any defence, right or claim with respect to any matter set forth in this Agreement.
- 6.4 **Capacity and Authority.** The Credit Parties represent and warrant to NE SPC II that they have the capacity and authority to enter into and perform their obligations under this Agreement.
- 6.5 **Necessary Proceedings.** The execution and delivery of this Agreement and the performance by the Credit Parties of their obligations hereunder have been duly authorized by all necessary proceedings.
- 6.6 **Notices.** Any notice, consent or approval required or permitted to be given in connection with this Agreement (a “**Notice**”) shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by e-mail:
- (a) in the case of a Notice to NE SPC II:

c/o Next Edge Capital

1 Toronto Street, Suite 200
Toronto, Ontario, M5C 2V6
Attention: Portfolio Manager

Attention: Tammy Kemp
E-mail: tammy.kemp@garringtonco.com

and with a copy to:

Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Attention: Philip Taylor
E-mail: philip@chaitons.com

(b) in the case of a Notice to the Credit Parties:

[ALEAFIA HEALTH INC.](#)
85 Basaltic Road
Concord, Ontario L4K 1G4

Attention: Matthew Sale
E-mail: legalnotices@aleafiahealth.com

and with a copy to:

Aird & Berlis LLP
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Attention: Jill Fraser
E-mail: jfraser@airdberlis.com

The date of receipt of such notice shall be the date of the actual delivery to the address specified if delivered or the date of actual transmission to the electronic address if sent by electronic communication, respectively, unless such date is not a Business Day, in which event the date of receipt shall be the next Business Day immediately following the date of such delivery or transmission.

- 6.7 **Assignment.** The Credit Parties may not assign this Agreement or any rights or obligations under this Agreement.
- 6.8 **Amendment.** No amendment, modification, waiver of this Agreement and, unless otherwise specified, no consent or approval by any party, shall be binding unless executed in writing by the party to be bound thereby.
- 6.9 **Enurement.** This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors (including any successor by reason of amalgamation of any party), and permitted assigns.

- 6.10 **No Third-Party Beneficiaries.** Unless expressly stated herein, this Agreement shall be solely for the benefit of the parties hereto and no other person or entity shall be a third-party beneficiary hereof.
- 6.11 **No Novation.** This Agreement shall not constitute and shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Loan Agreement and the Security.
- 6.12 **Execution and Delivery.** This Agreement may be executed in counterparts, and acceptance of this Agreement may be provided by email transmission in PDF format and, on such execution and transmission, this Agreement shall be binding on the parties with the same force and effect as if originally executed.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

IN WITNESS OF WHICH the parties have duly executed this Agreement on the date described above.

**NE SPC II LP, by is general partner,
NEXT EDGE GENERAL PARTNER
(ONTARIO) INC.**

Per: _____
Name: Cheng Dang
Title: Director

Per: _____
Name: David Scobie
Title: Director

I/We have authority to bind the partnership

ALEAFIA HEALTH INC.

Per: _____
Name: Matthew Sale
Title: CFO

Per: _____
Name: Tricia Symmes
Title: Chief Executive Officer

I/We have authority to bind the corporation

EMBLEM CANNABIS CORPORATION

Per: _____
Name: Matthew Sale
Title: CFO

Per: _____
Name: Tricia Symmes
Title: Chief Executive Officer

I/We have authority to bind the corporation

ALEAFIA FARMS INC.

Per: _____
Name: Matthew Sale
Title: CFO

Per: _____
Name: Matthew Sale
Title: CFO

I/We have authority to bind the corporation

EMBLEM CORP.

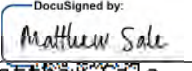
Per: _____
Name: Tricia Symmes
Title: Chief Executive Officer

Per: _____
Name: Tricia Symmes
Title: Chief Executive Officer

I/We have authority to bind the corporation

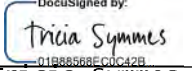
CANABO MEDICAL CORPORATION


Per: 
Name: Matthew Sale
Title: CFO

Per: 
Name: Matthew Sale
Title: CFO

I/We have authority to bind the corporation

ALEAFIA INC.

Per: 
Name: Tricia Symmes
Title: Chief Executive Officer

Per: 
Name: Tricia Symmes
Title: Chief Executive Officer

I/We have authority to bind the corporation

ACCOMMODATION AGREEMENT

THIS AGREEMENT is made as of the ____ day of April, 2023,

BETWEEN:

**NE SPC II LP
("NE SPC II")**

– and –

**ALEAFIA HEALTH INC., EMBLEM CANNABIS CORPORATION and ALEAFIA FARMS INC.
(collectively, the "Borrowers")**

– and –

**EMBLEM CORP., CANABO MEDICAL CORPORATION and ALEAFIA INC.
(collectively, the "Guarantors")**

RECITALS:

- A. Pursuant to a Loan Agreement dated as of December 24, 2021, as amended by agreements dated March 28, 2022 and June 17, 2022 (collectively, the "**Loan Agreement**"), NE SPC II made the Loan available to the Borrowers.
- B. The Borrowers and the Guarantors (collectively, the "**Credit Parties**", and individually, a "**Credit Party**") executed and delivered to NE SPC II various agreements as security for the indebtedness and other obligations and liabilities owed by the Borrowers to NE SPC II (collectively, the "**Security**").
- C. At the request of the Credit Parties, NE SPC II has agreed to (i) provide various accommodations to the Borrowers; and (ii) forbear from enforcing the Security Documents to provide the Borrowers additional time to repay their indebtedness to NE SPC II, subject to and in accordance with the terms of this Accommodation Agreement (the "**Agreement**").

NOW THEREFORE THIS AGREEMENT WITNESSETH that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

- 1.1 **Definitions.** In this Agreement, unless the context otherwise requires, all capitalized terms defined in the Loan Agreement and the Security and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement and the Security, as applicable.
- 1.2 **Gender and Number.** Words importing the singular include the plural and vice versa and words importing gender include all genders.
- 1.3 **Time.** Time is of the essence in the performance of the Credit Parties' obligations.
- 1.4 **Severability.** Each of the provisions contained in this Agreement is distinct and severable, and a declaration of invalidity, illegality, or unenforceability of any such provision or part thereof by a

court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement.

- 1.5 **Headings.** The division of this Agreement into articles, sections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- 1.6 **Entire Agreement.** This Agreement, the Loan Agreement and the Security together with the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understanding or other agreements, oral or written, express, implied, or collateral between the parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.
- 1.7 **Governing Law.** This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 1.8 **Conflicts.** If there is any inconsistency or conflict between the terms of this Agreement and the terms of the Loan Agreement and the Security or any other agreement executed in connection therewith or herewith, the provisions of this Agreement shall prevail to the extent of the inconsistency.

ARTICLE 2 - ACKNOWLEDGEMENTS

- 2.1 **Recitals.** The parties hereto acknowledge and agree that each of the foregoing recitals is true and accurate both in substance and in fact.
- 2.2 **Indebtedness.** The Credit Parties acknowledge that as of April 20, 2023, the amount owing to NE SPC II under the Loan Agreement and secured by the Security is the sum of \$13,367,940.25 for principal, interest and fees (net of legal fees and the Amendment Fee), including \$1,206,626.75 under the Revolving Facility, \$11,971,313.50 under the Term Facility and the \$190,000 facility fee (collectively, the “**Indebtedness**”). The Credit Parties confirm that the Indebtedness is unconditionally owing to NE SPC II, they do not dispute that they are liable to pay the Indebtedness to NE SPC II on any ground whatsoever, they have no claim, demand, setoff, or counterclaim against NE SPC II on any basis whatsoever, and there is no matter, fact or thing which may be asserted by any of them in extinction or diminution of the Indebtedness or result in any bar to or delay in the recovery thereof. If there are any claims for setoff, counterclaim, or damages, they are hereby expressly released and discharged.
- 2.3 **The Borrowers.** The Borrowers acknowledge and agree that the Loan Agreement and the Security now held by NE SPC II for payment and performance of the Indebtedness have not been released, waived, or varied, and is valid, binding, and enforceable against them in accordance with its written terms.
- 2.4 **Guarantees.** The Guarantors confirm that they have guaranteed the payment and performance of the Indebtedness and obligations owing by the Borrowers to NE SPC II, in accordance with terms of the guarantees delivered to NE SPC II (collectively, the “**Guarantees**”) and secured their obligation under the applicable Security. The Guarantors do not dispute their liability to NE SPC II under the applicable Guarantees and Security on any basis whatsoever and confirm that they have

no claim for setoff, counterclaim, or damages on any basis whatsoever against NE SPC II. If there are any claims, they are hereby expressly released and discharged. The Guarantors confirm that the applicable Guarantees and Security have not been released, waived, or varied, that they are binding upon them and that they are valid and enforceable against them in accordance with their written terms.

- 2.5 **NE SPC II Rights.** Each of the Credit Parties acknowledges and agrees NE SPC II is currently entitled to take any and all enforcement action it deems necessary in its sole discretion in connection with the enforcement of its rights at law and under the Loan Agreement, the Guarantees and the Security. Each of the Credit Parties further acknowledges and agrees that except as provided in this Agreement, NE SPC II (by itself or through its employees or agents) has not made any promises, or taken any action or omitted to take any action which would constitute a waiver of its right to take any enforcement action in connection with the enforcement of the Loan Agreement, the Guarantees and the Security, or which would estop it from so doing and that no statement, representation, promise, act or omission by NE SPC II or its employees or agents shall create such a waiver or estoppel. Each of the Credit Parties acknowledges and agrees that by entering into this Agreement, NE SPC II, except as provided in this Agreement, has not waived any of its rights under any of the Loan Agreement, the Guarantees and the Security, including without limitation NE SPC II's right to take any enforcement action in connection with the enforcement of the Loan Agreement, the Guarantees and the Security.

ARTICLE 3 - FORBEARANCE

- 3.1 The Credit Parties have requested, and NE SPC II has agreed to forbear from taking any steps to enforce the Loan Agreement, the Guarantees and the Security, subject to and in accordance with the terms of this Agreement.
- 3.2 NE SPC II agrees to forbear and not take any steps to enforce the Loan Agreement, the Guarantees and the Security until the earliest of:
- (a) May 15, 2023; and
 - (b) immediately on the occurrence of an Event of Default;
- (hereinafter referred to as the "**Accommodation Termination Date**" and the period commencing on the date hereof and ending on (but excluding) the Accommodation Termination Date is the "**Accommodation Period**").
- 3.3 NE SPC II's agreement to forbear is conditional upon:
- (a) ongoing communication from Borrower's management satisfactory to NE SPC II to keep NE SPC II informed of the status of the transactions contemplated in the letter of intent dated April 14, 2023 issued by Red White & Bloom Brands Inc., and accepted by Aleafia Health and attached hereto as Schedule "A" (the "**LOI**") and all matters related thereto; and
 - (b) notification by Borrower's management to NE SPC II to advise NE SPC II forthwith, and in any event within one (1) Business Day, of an unsolicited proposal for an Alternative Transaction (as defined in the LOI) triggering Section 2(b) of the LOI and to provide NE SPC II a copy of such proposal.

ARTICLE 4 - AMENDMENT FEE

- 4.1 **Amendment Fee.** In consideration for NE SPC II's forbearance and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Credit Parties shall pay to NE SPC II a non-refundable amendment fee of [\$30,000] (the "**Amendment Fee**"), which shall be fully earned on execution of this Agreement. The Amendment Fee shall form part of the Indebtedness, shall be secured by the Security, and shall be paid on the Accommodation Termination Date.

ARTICLE 5 - COVENANTS AND AGREEMENTS

5.1 During the Accommodation Period:

- (a) **Revolving Facility Advances and Limit.** Advances under the Revolving Facility will be available for Eligible Accounts based on the Lending Margin, provided that no Advance shall be permitted if, after the Advance, the outstanding Loan Amount under the Revolving Facility would exceed the Revolving Facility Borrowing Limit.
- (b) **Excise Duty Payments.** From April 15, 2023 to May 15, 2023, the Borrowers shall pay \$100,000 weekly to Canada Revenue Agency on account of their excise duty arrears and provide proof of payment within one (1) Business Day of such payment to NE SPC II.
- (c) **Proof of Priority Payables.** The Borrowers shall provide written evidence to NE SPC II within one (1) Business Day of due date that all Priority Payables arising after the date hereof have been paid, such written evidence to be in a form and content to the satisfaction of NE SPC II in its sole discretion, acting reasonably.
- (d) **Payments to Creditors.** Subject to Sections 5.1(b) and (h) of this Agreement, the Credit Parties shall utilize their available cash in a manner so as to ensure its continued operation, and not to make any payments out of the ordinary course of business and to not prefer any unsecured creditor over other creditors.
- (e) **Agreements Out of Ordinary Course.** No Credit Party shall enter into any material agreements out of the ordinary course of business, except with the prior written consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably.
- (f) **Encumbrances, etc.** No Credit Party shall encumber, sell, transfer, convey, lease, or otherwise dispose of any of its assets or property out of the ordinary course of business without the prior written consent of NE SPC II, which consent may be withheld the sole discretion of NE SPC II, acting reasonably.
- (g) **Loans, Advances, etc.** No Credit Party shall, without the prior consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably, make any loans or advance money or property to any other person or invest in or purchase shares of another party or guarantee, assume or otherwise become responsible for the indebtedness, performance, or obligations of any other person.
- (h) **Remuneration.** Without the prior written consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably, no Credit Party shall make any distributions, directly or indirectly, to or for the benefit of any shareholder, director, officer, employee, or any other person not dealing at arm's-length with the Credit Parties, other than the current remuneration paid by each Credit Party to such individuals and commercially reasonable reimbursement of approved business expenses incurred by employees in accordance with Section 5.1(d) of this Agreement.

- (i) **Corporate Existence.** Each Credit Party shall maintain its corporate existence as valid and subsisting entities and shall not merge, amalgamate, or consolidate with any other corporation(s) without the prior written consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably.
- (j) **Access to Premises, Books and Records.** The Credit Parties shall upon request, permit NE SPC II and its advisors, representatives and agents, during normal business hours, to enter upon its premises to inspect their property and assets, and to examine and take away copies of all books and records relating thereto.
- (k) **Notice of Default.** The Credit Parties shall forthwith provide NE SPC II with written notice of the occurrence of an Event of Default hereunder.
- (l) **Notice of Proceedings.** The Credit Parties shall provide NE SPC II with notice of the commencement of any legal proceeding brought by any person against it within one (1) Business Day of receipt of same and provide NE SPC II with a copy of the relevant pleadings and diligently keep NE SPC II current and up to date with respect to the status of any such proceeding.
- (m) **Material Contracts.** The Credit Parties shall not surrender, terminate, repudiate, or amend, vary, or modify in a manner adverse to NE SPC II, acting reasonably, any material contract with respect to its property and assets without the prior written consent of NE SPC II which may be withheld in the sole discretion of NE SPC II, acting reasonably.
- (n) **Other Agreements.** The covenants and other terms and conditions contained in the Loan Agreement, the Guarantees and the Security shall continue in full force and effect, except that, to the extent there exists any actual inconsistency between such provisions and the provisions of this Agreement, the provisions of this Agreement shall govern.
- (o) **Insolvency Proceedings.** No Credit Party shall commence any proceedings under *Bankruptcy and Insolvency Act* (Canada), (the “BIA”), the *Companies’ Creditors Arrangement Act* (Canada) (“CCAA”), or similar legislation without the prior written consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably. In the event that any Credit Party commences such proceedings, they agree that NE SPC II shall be an “unaffected creditor” under any such proceedings and hereby consents to a court order lifting any stay of proceeding as against NE SPC II.

5.2 **Additional Events of Default.** Any one or more of the following events will constitute an event of default under this Agreement (each an “Event of Default”):

- (a) commencement of any enforcement action by Canada Revenue Agency in respect of excise tax arrears;
- (b) a default or breach of any other obligation, promise, covenant, term, or condition occurs under this Agreement, the Loan Agreement, the Security after execution of this Agreement;
- (c) any representation or warranty made by any of the Credit Parties in the Loan Agreement or the Security, or in any certificate or other document delivered to NE SPC II in connection with the Loan Agreement, the Security or this Agreement, is false or misleading in any material respect;
- (d) the Borrowers has failed to irrevocably repay the Indebtedness to NE SPC II in full concurrently with the delivery of the Definitive Agreement (as defined in the LOI);

- (e) any default occurs under any credit, loan, security, forbearance, standstill or other agreements executed and delivered by any of the Credit Parties to any other creditor; or
- (f) if any financial reporting information provided by or on behalf of the Credit Parties to NE SPC II proves to be false, misleading, inaccurate, or incorrect in any material respect, or if there is a failure to provide NE SPC II with such financial reporting or other information as it may require from time to time acting reasonably.

5.3 **Remedies.** In addition to the rights and remedies available to NE SPC II under the Loan Agreement, the Guarantees, the Security and under this Agreement, at law or in equity, on the Accommodation Termination Date or upon the occurrence of an Event of Default, whichever is earlier:

- (a) the outstanding balance of the Indebtedness owing by the Borrowers to NE SPC II shall, at the option of NE SPC II, become immediately due and payable; and
- (b) the Security shall, at NE SPC II's option, become enforceable in accordance with their terms, including without limitation NE SPC II' right to the appointment of a private receiver or the court appointment of an interim receiver, national receiver and receiver and manager of the property, assets, and undertakings of any Credit Party.

ARTICLE 6 - GENERAL PROVISIONS

6.1 **Reimbursement.** The Credit Parties agree to reimburse NE SPC II in respect of all reasonable expenses (including fees and disbursements) which NE SPC II has incurred or will incur in connection with the negotiation and preparation of this Agreement, and the administration and the enforcement of the Loan Agreement, the Guarantees, the Security, and this Agreement. To the extent such expenses have not been included in the Indebtedness, NE SPC II may pay such expenses directly and the amount so paid shall form part of the Indebtedness, shall bear interest from the date of payment at highest rate of interest set out in the Loan Agreement, the Guarantees and the Security and shall be secured by the Security.

6.2 **Release.** The Credit Parties hereby absolutely and irrevocably release, remise, acquit and forever discharge NE SPC II, its officers, directors, employees, Advisors, and agents (all of the foregoing hereinafter called the "**Released Parties**") from any and all actions and causes of action, suits, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct or indirect, at law or in equity, of whatsoever kind or nature, for or because of any fact, matter or things done, omitted or suffered to be done by the Released Parties prior to and including the date of execution hereof, which are in any way directly or indirectly arising out of or in any way connected to this Agreement, the Loan Agreement, the Guarantees, the Security, and the administration and enforcement of the Loan Agreement, the Guarantees, the Security and the negotiation of this Agreement (the "**Released Matters**"). The Credit Parties acknowledge that the agreements in this paragraph are intended to be in full satisfaction of all or any alleged injuries, losses or damages arising in connection with the Released Matters. The Credit Parties represent and warrant to the Released Parties that they have not purported to transfer, assign, or otherwise convey any of their rights, title, or interest in any Released Matter to any other person and that the foregoing constitutes a full and complete release of all Released Matters. The foregoing release shall survive the termination of this Agreement, the Loan Agreement and the Security and payment in full of the Indebtedness.

6.3 **Independent Legal Advice.** The Credit Parties acknowledge that, in executing and delivering this Agreement, they have acted and continue to act freely and without duress. The Credit Parties acknowledge that the actions of NE SPC II in entering into this Agreement have been fair and

reasonable and that NE SPC II (i) has not acted in a managerial capacity with respect to the Credit Parties, and (ii) has no fiduciary duty to the Credit Parties in connection with this Agreement, the Loan Agreement or the Security. The Credit Parties confirm that they have had the benefit of independent legal advice in connection with the negotiation of this Agreement. The Credit Parties hereby waive and agree not to assert or cause to be asserted any defence, right or claim with respect to any matter set forth in this Agreement.

- 6.4 **Capacity and Authority.** The Credit Parties represent and warrant to NE SPC II that they have the capacity and authority to enter into and perform their obligations under this Agreement.
- 6.5 **Necessary Proceedings.** The execution and delivery of this Agreement and the performance by the Credit Parties of their obligations hereunder have been duly authorized by all necessary proceedings.
- 6.6 **Notices.** Any notice, consent or approval required or permitted to be given in connection with this Agreement (a “**Notice**”) shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by e-mail:

- (a) in the case of a Notice to NE SPC II:

c/o Next Edge Capital

1 Toronto Street, Suite 200
Toronto, Ontario, M5C 2V6
Attention: Portfolio Manager

Attention: Tammy Kemp
E-mail: tammy.kemp@garringtonco.com

and with a copy to:

Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Attention: Philip Taylor
E-mail: philip@chaitons.com

- (b) in the case of a Notice to the Credit Parties:

[ALEAFIA HEALTH INC.](#)
85 Basaltic Road
Concord, Ontario L4K 1G4

Attention: Matthew Sale
E-mail: legalnotices@aleafiahealth.com

and with a copy to:

Aird & Berlis LLP

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Attention: Jill Fraser
E-mail: jfraser@airdberlis.com

The date of receipt of such notice shall be the date of the actual delivery to the address specified if delivered or the date of actual transmission to the electronic address if sent by electronic communication, respectively, unless such date is not a Business Day, in which event the date of receipt shall be the next Business Day immediately following the date of such delivery or transmission.

- 6.7 **Assignment.** The Credit Parties may not assign this Agreement or any rights or obligations under this Agreement.
- 6.8 **Amendment.** No amendment, modification, waiver of this Agreement and, unless otherwise specified, no consent or approval by any party, shall be binding unless executed in writing by the party to be bound thereby.
- 6.9 **Enurement.** This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors (including any successor by reason of amalgamation of any party), and permitted assigns.
- 6.10 **No Third-Party Beneficiaries.** Unless expressly stated herein, this Agreement shall be solely for the benefit of the parties hereto and no other person or entity shall be a third-party beneficiary hereof.
- 6.11 **No Novation.** This Agreement shall not constitute and shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Loan Agreement and the Security.
- 6.12 **Execution and Delivery.** This Agreement may be executed in counterparts, and acceptance of this Agreement may be provided by email transmission in PDF format and, on such execution and transmission, this Agreement shall be binding on the parties with the same force and effect as if originally executed.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

IN WITNESS OF WHICH the parties have duly executed this Agreement on the date described above.

**NE SPC II LP, by its general partner,
NEXT EDGE GENERAL PARTNER
(ONTARIO) INC.**

Per: _____
Name: Cheng Dang
Title: Director

Per: _____
Name:
Title:

I/We have authority to bind the partnership

ALEAFIA HEALTH INC.

DocuSigned by:
Per: Tricia Symmes
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
Per: Matt Sale
Name: Matt Sale
Title: CFO

I/We have authority to bind the corporation

ALEAFIA FARMS INC.

DocuSigned by:
Per: Tricia Symmes
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
Per: Matt Sale
Name: Matt Sale
Title: CFO

I/We have authority to bind the corporation

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Per: Tricia Symmes
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
Per: Matt Sale
Name: Matt Sale
Title: CFO

I/We have authority to bind the corporation

EMBLEM CORP.

DocuSigned by:
Per: Tricia Symmes
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
Per: Matt Sale
Name: Matt Sale
Title: CFO

I/We have authority to bind the corporation

CANABO MEDICAL CORPORATION

DocuSigned by:
Per: Tricia Symmes
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
Per: Matt Sale
Name: Matt Sale
Title: CFO

I/We have authority to bind the corporation

ALEAFIA INC.

DocuSigned by:
Per: Tricia Symmes
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
Per: Matt Sale
Name: Matt Sale
Title: CFO

I/We have authority to bind the corporation

SCHEDULE "A"

LOI

See Attached

June 17, 2022

Aleafia Health Inc.,
Emblem Cannabis Corporation,
Aleafia Farms Inc.
85 Basaltic Road
Concord, Ontario
L4K 1G4

Attention: Matthew Sale

Dear Mr. Sale:

Re: NE SPC II LP (the “**Lender**”) credit facilities in favour of Aleafia Health Inc., Emblem Cannabis Corporation and Aleafia Farms Inc. (collectively, the “**Borrower**”) pursuant to a credit agreement dated December 24, 2021, as amended by agreement dated as of March 28, 2022 (collectively, the “**Credit Agreement**”)

Reference is made to the Credit Agreement and all capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Credit Agreement.

Pursuant to section 5.1(x) of the Credit Agreement, the Borrower covenanted in favour of the Lender to maintain a Current Ratio of not less than \$12,000,000 for Aleafia Health. As you are aware, based on the reporting for the periods February and March 2022 provided by the Borrower to the Lender, the Current Ratio of Aleafia Health for the period ended March 2022 is (\$571,194) and the Borrower is in breach of this covenant and anticipates to remain in breach of this covenant. Further, pursuant to section 3(b)(i) of the amending agreement dated as of March 28, 2022 (the “**First Amendment**”), the Borrower covenanted to satisfy the Revolving Facility Conditions within 30 days of March 28, 2022. As you are aware, the Borrower has failed to satisfy such Revolving Facility Conditions and is in breach of this covenant and anticipates to remain in breach of this covenant. In addition, the Material Adverse Effect detailed in the First Amendment is in continuance as of the date hereof and is anticipated to continue following the date of this Agreement. Although each of the forgoing breaches are not being waived by the Lender, the Lender does not intend to take any action at this time. Notwithstanding the foregoing, the Lender reserves all of its rights in respect of these breaches and in respect of any other breach or default under the Credit Agreement or any other documents executed and delivered in connection therewith to and in favour of the Lender.

Further to our recent conversations, we confirm that you have asked the Lender to amend the Current Ratio covenant, to continue to make Advances available under the Revolving Facility up to \$1,850,000 and to make Advances under the Revolving Facility available up to the Revolving Facility Maximum Amount notwithstanding the breaches and the Borrower’s failure to satisfy certain conditions precedent under the Credit Agreement. In this regard, we confirm that the Lender has agreed to amend the terms and conditions of the Credit Agreement as follows:

1. From and after the date hereof, Section 2.1(a) of the Credit Agreement shall be deleted and replaced by the following:

“(a) The Revolving Facility is payable on the earlier of demand and the second (2nd) anniversary of the date of the Term Facility Advance. Prior to demand, monthly payments of interest only shall be made on the last business day of each and every month. Notwithstanding any other payment dates specified herein or any other provision hereof, the outstanding Loan Amount under the Revolving Facility is due and payable on demand and the right of the Lender to make partial or full demands hereunder is absolute and unconditional notwithstanding the inclusion of covenants, representations, warranties and any Event of Default. Subject to the Lender's right to make a demand for payment at any time, the Revolving Facility shall be a revolving twenty four (24) month facility from the date of the Term Facility Advance.”

2. From and after the date hereof, Section 5.1(x) of the Credit Agreement shall be deleted and replaced by the following:

“(x) Current Ratio: Aleafia Health will maintain a Current Ratio of not less than:

- (i) (\$571,194) as tested March 30, 2022 for the period to the closing of the Equity Investment (the “**Equity Investment Date**”), which date shall be not be later than June 27, 2022,
- (ii) \$2,000,000 for the period between the Equity Investment Date and December 31, 2022,
- (iii) \$12,000,000 from January 31, 2023 and thereafter,

to be tested immediately prior to any Advance and on a monthly basis based on the most recently available financial statements of Aleafia Health, being its management prepared monthly financial statements or its quarterly or year-end audited financial statements.”

3. From and after March 28, 2022, references to “\$500,000” in Section 3 of the First Amendment shall be deleted and replaced with “\$1,850,000”.

4. From and after the date hereof, Section 3(b)(i)(C) of the First Amendment shall be deleted and replaced with the following:

“(C) Aleafia Health and each of its Subsidiaries have provided the Lender with unfettered online read-only access to all of their bank accounts; and”

5. From and after the date hereof, Section 3(b)(ii) of the First Amendment shall be deleted.

6. From and after the date hereof, Section 3(c) of the First Amendment shall be deleted and replaced with the following:

“(c) It shall be an Event of Default under the Credit Agreement if the Borrower fails to satisfy the Revolving Facility Conditions to the Lender within 30 days of the date hereof.”

7. From and after the date hereof, Section 3(d) of the First Amendment shall be deleted.

8. Notwithstanding the breaches and the Borrower’s failure to satisfy the conditions precedent in Sections 2.8(j), (k) and (l) of the Credit Agreement and without in any way derogating from the

rights of the Lender under the Credit Agreement (including, without limitation, the Lender's right, in its sole unfettered discretion, to demand), the Lender has agreed to make Advances under the Revolving Facility available up to the Revolving Facility Maximum Amount in accordance with the Credit Agreement, upon satisfaction of the following conditions (collectively, the "**Revised Revolving Facility Conditions**"):

- (a) satisfaction of the conditions in Section 2.9 of the Credit Agreement (save and except Section 2.9(f)), and subject further to there being no further change or changes, individually, or in the aggregate, constituting a material adverse change resulting in a Material Adverse Effect; and
- (b) on or prior to June 27, 2022:
 - (i) the Borrower delivers to the Lender evidence of investment of not less than \$5,000,000 in Aleafia Health satisfactory to the Lender in its sole discretion (the "**Equity Investment**");
 - (ii) Aleafia Health is in compliance with the Current Ratio;
 - (iii) the Blocked Account satisfying the condition precedent in Section 2.8(d) of the Credit Agreement is established and operational and a blocked account agreement satisfying the Section 3.1(f) of the Credit Agreement is delivered to the Lender and an irrevocable direction having been made to the Account Debtor of each Eligible Account for the payment of all Eligible Accounts to the Blocked Account, and in the event this condition has not been satisfied on or prior to June 27, 2022, the Lender may in its sole discretion accept the account of Emblem Cannabis Corporation with Libro Credit Union at the branch located at Williamsburg Libro 100-1170 Fischer-Hallman Rd., Kitchener, ON, N2E3Z3, bearing account number 3423266 (the "**Libro Account**"), until such time as the Blocked Account is established and operational and the blocked account agreement is delivered, and, without limiting the discretion of the Lender in any manner, the Lender must be satisfied in its sole discretion of the following:
 - (A) The Libro Account is utilized solely the receipt of the deposit of all sales receipts, accounts receivable receipts and all proceeds therefrom, in each case, relating to Eligible Accounts, and all other uses have been transferred to an account that is one of the Other Bank Accounts;
 - (B) The authority to make any withdrawals or other outflows from the Libro Account is restricted to two (2) individuals authorized by the Lender and such users authorized by the Lender shall be permitted to make withdrawals or other outflows from the Libro Account for any purpose, including, but not limited to, daily sweeps against the Revolving Facility;
 - (C) The Borrower is continuing diligently in good faith, using its best efforts to arrange for the Blocked Account to be established and operational and the blocked account agreement to be delivered as soon as possible following June 27, 2022; and

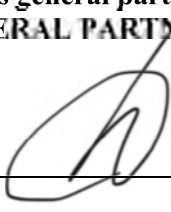
- (D) Until such Blocked Account is established and operational and such blocked account agreement is delivered, all references the “**Blocked Account**” in the Credit Agreement shall mean the Libro Account; and
- (iv) the Borrower delivers to the Lender an agreement between Aleafia Health and the holders (the “**Convertible Debenture Holders**”) of the unsecured convertible debentures of Aleafia Health governed by a debenture indenture dated June 27, 2019 between Aleafia Health and Computershare Trust Company of Canada (the “**Convertible Debentures**”) amending the terms of the obligations and indebtedness evidenced by the Convertible Debentures (the “**Convertible Debt**”) satisfactory to the Lender in its sole discretion, and, without limiting the discretion of the Lender, such agreement between Aleafia Health and the Convertible Debenture Holders shall include no payments of principal or interest in respect of the Convertible Debt other than payment of PIK interest so long as any obligations to the Lender are outstanding, extension of the maturity date of the Convertible Debt beyond the maturity date of the facilities extended under the Credit Agreement, an indefinite standstill on enforcement of all security for the Convertible Debt so long as any obligations to the Lender are outstanding, no amendment of the amended terms of the Convertible Debt without the prior written consent of the Lender and simultaneous delivery of notices of default to the Lender; and
- (v) the Lender and the Convertible Debenture Holders have entered into a subordination, postponement and standstill agreement satisfactory to the Lender in its sole discretion.
9. From and after the date hereof, Section 5.2(k)(iii) of the Credit Agreement is deleted.
10. It shall be an Event of Default under the Credit Agreement if the Borrower fails to satisfy the Revised Revolving Facility Conditions.
11. An amendment fee of \$10,000 is payable by the Borrower to the Lender, which fee is fully earned as of the date hereof and shall be added to the Loan with interest accruing at the rates set out at Section 2.2 and Section 2.1(m) of the Credit Agreement and secured under the Security Documents.
12. The Borrower shall be responsible for all legal fees and disbursements incurred by the Lender in connection with the preparation and negotiation of this Agreement.
13. This Agreement is supplemental to and shall be read with and be deemed to be part of the Credit Agreement, which shall be deemed to be amended *mutatis mutandis* as herein provided. Any reference to the Credit Agreement and any agreements or documents entered into in connection with the Credit Agreement shall mean the Credit Agreement as amended hereby and all such agreements and documents are also hereby amended *pro tanto* to give effect to this Agreement.
14. All the terms and conditions of the Credit Agreement, except insofar as the same are amended by the express provisions of this Agreement, are confirmed and ratified in all respects, shall survive and shall not merge with or be extinguished by the execution and delivery of this Agreement and shall hereafter continue in full force and effect, as amended.

- 15. This Agreement may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopier, PDF or by other electronic means shall be as effective as delivery of a manually executed counterparts.
- 16. The Borrower and the Guarantor agree that they will execute such further assurances with respect to this Agreement and the Credit Agreement as may be required to evidence the true intent and meaning of this Agreement.
- 17. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.
- 18. This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable herein.

Provided that the foregoing meets with your approval, please acknowledge the foregoing by executing where indicated below and returning a PDF copy of this Agreement to the Lender which shall be as effective as delivery of a manually original executed counterpart.

**NE SPC II LP, by its general partner
NEXT EDGE GENERAL PARTNER
(ONTARIO) INC.**

Per: _____
Name: Cheng Dang
Title: Director

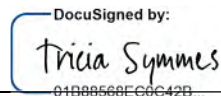


I have authority to bind the Corporation

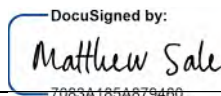
The undersigned, Borrower, acknowledge the Defaults and acknowledge and accept the terms and conditions of this Agreement this _____ day of _____, 2022.

ALEAFIA HEALTH INC.

DocuSigned by:
Per: _____
Name: Tricia Symmes
Title: Chief Executive Officer



DocuSigned by:
Per: _____
Name: Matthew Sale
Title: Chief Financial Officer



We have authority to bind the Borrower.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Tricia Symmes
Per: _____
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the Borrower.

ALEAFIA FARMS INC.

DocuSigned by:
Tricia Symmes
Per: _____
Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the Borrower.

The undersigned, Guarantor, acknowledge the Defaults and acknowledge and accept the terms and conditions of this Agreement this _____ day of _____, 2022.

EMBLEM CORP.

DocuSigned by:
Tricia Symmes
Per: _____
Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

CANABO MEDICAL CORPORATION

DocuSigned by:
Per: Tricia Symmes
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

ALEAFIA INC.

DocuSigned by:
Per: Tricia Symmes
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

March 28, 2022

Aleafia Health Inc.,
Emblem Cannabis Corporation,
Aleafia Farms Inc.
85 Basaltic Road
Concord, ON L4K 1G4

Attention: Matthew Sale

Dear Mr. Sale:

Re: NE SPC II LP (the “**Lender**”) credit facilities in favour of Aleafia Health Inc.,
Emblem Cannabis Corporation and Aleafia Farms Inc. (collectively, the “**Borrower**”) pursuant to a credit agreement dated December 24, 2021 (the “**Credit Agreement**”)

Reference is made to the Credit Agreement and all capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Credit Agreement.

Pursuant to section 5.1(x) of the Credit Agreement, the Borrower covenanted in favour of the Lender to maintain a Current Ratio of not less than \$15,000,000 for Aleafia Health. As you are aware, based on the reporting for the periods December and January provided by the Borrower to the Lender, the Current Ratio of Aleafia Health for the period ended January 2022 is (\$3,017,000) and the Borrower is in breach of this covenant and anticipates to remain in breach of this covenant. In addition, based on the information provided by the Borrower to the Lender in respect of the inventory write-down, crop volumes, delivery issues, GM pressure and timing of equity injection, the Lender has determined that each of these changes individually, and also in the aggregate, constitute a material adverse change resulting in a Material Adverse Effect, which is an Event of Default. Although each of the forgoing breaches are not being waived by the Lender, the Lender does not intend to take any action at this time. Notwithstanding the foregoing, the Lender reserves all of its rights in respect of these breaches and in respect of any other breach or default under the Credit Agreement or any other documents executed and delivered in connection therewith to and in favour of the Lender.

Further to our recent conversations, we confirm that you have asked the Lender to amend the Current Ratio covenant and to make an advance of \$500,000 under the Revolving Facility notwithstanding the breaches and the Borrower’s failure to satisfy certain conditions precedent under the Credit Agreement. In this regard, we confirm that the Lender has agreed to amend the terms and conditions of the Credit Agreement as follows:

1. From April 30, 2022 and thereafter, the definition of “Current Assets” in Section 1.1(y) of the Credit Agreement shall be deleted and replaced with the following:

“(y) “Current Assets” means all cash and cash equivalents, marketable securities, trade and other receivables, tax receivables, inventory and biological assets and prepaid expenses of Aleafia Health on a consolidated basis;”
2. For the period between April 30, 2022 to June 29, 2022 (inclusive) only, Section 5.1(x) of the Credit Agreement shall be as follows:

“(x) Current Ratio: Aleafia Health will maintain a Current Ratio of not less than \$12,000,000, to be tested monthly.”

3. Notwithstanding the breaches and the Borrower’s failure to satisfy the conditions precedent in Sections 2.8(d), (j), (k) (l) and (v) of the Credit Agreement, the Lender has agreed to make up to \$500,000 available under the Revolving Facility for 30 days commencing from the date hereof, subject to the following conditions:

(a) Each Borrowing Notice received by the Lender supports an availability of up to \$500,000.

(b) The availability of up to \$500,000 under the Revolving Facility shall be terminated forthwith without further notice by the Lender and the Lender shall not be obligated to make any further Advances under the Revolving Facility to the Borrower if the Borrower fails to deliver the following to the Lender:

(i) within 30 days of the date hereof:

(A) evidence of investment of not less than \$8,000,000 in Aleafia Health satisfactory to the Lender in its sole discretion;

(B) compliance with Current Ratio as of April 30, 2022;

(C) the Blocked Account satisfying the condition precedent in Section 2.8(d) is established and operational; and

(ii) within 60 days of the date hereof, an agreement with the holders of the Subordinated Indebtedness amending the terms of the Subordinated Indebtedness satisfactory to the Lender in its sole discretion, and, without limiting the discretion of the Lender, such agreement shall include no payments of principal or interest other than payment of PIK interest so long as any obligations to the Lender are outstanding, extension of the maturity date beyond the maturity date of the facilities extended under the Credit Agreement, no amendment of the amended terms without the prior written consent of the Lender and simultaneous delivery of notices of default to the Lender;

collectively, the “**Revolving Facility Conditions**”.

(c) It shall be an Event of Default if the Borrower fails to satisfy the Revolving Facility Conditions to the Lender within 30 days or 60 days of the date hereof, as the case may be.

(d) Upon satisfaction of the Revolving Facility Conditions and subject to satisfaction of the conditions in Section 2.9 of the Credit Agreement (save and except Section 2.9(f)), and subject further to there being no further change or changes, individually, or in the aggregate, constituting a material adverse change resulting in a Material Adverse Effect, the Lender shall make the full amount of the Revolving Facility Borrowing Limit available to the Borrower.

4. An amendment fee of \$60,000 is payable by the Borrower to the Lender, which fee is fully earned as of the date hereof and shall be added to the Loan with interest accruing at the rates set out at

Section 2.2 and Section 2.1(m) of the Credit Agreement and secured under the Security Documents.

5. The Borrower shall be responsible for all legal fees and disbursements incurred by the Lender in connection with the preparation and negotiation of this Agreement.
6. This Agreement is supplemental to and shall be read with and be deemed to be part of the Credit Agreement, which shall be deemed to be amended *mutatis mutandis* as herein provided. Any reference to the Credit Agreement and any agreements or documents entered into in connection with the Credit Agreement shall mean the Credit Agreement as amended hereby and all such agreements and documents are also hereby amended *pro tanto* to give effect to this Agreement.
7. All the terms and conditions of the Credit Agreement, except insofar as the same are amended by the express provisions of this Agreement, are confirmed and ratified in all respects, shall survive and shall not merge with or be extinguished by the execution and delivery of this Agreement and shall hereafter continue in full force and effect, as amended.
8. This Agreement may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopier, PDF or by other electronic means shall be as effective as delivery of a manually executed counterparts.
9. The Borrower and the Guarantor agree that they will execute such further assurances with respect to this Agreement and the Credit Agreement as may be required to evidence the true intent and meaning of this Agreement.
10. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.
11. This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable herein.

Provided that the foregoing meets with your approval, please acknowledge the foregoing by executing where indicated below and returning a PDF copy of this Agreement to the Lender which shall be as effective as delivery of a manually original executed counterpart.

**NE SPC II LP, by its general partner
NEXT EDGE GENERAL PARTNER
(ONTARIO) INC.**

Per: _____
Name: Cheng Dang
Title: Director

I have authority to bind the Corporation

The undersigned, Borrower, acknowledge the Defaults and acknowledge and accept the terms and conditions of this Agreement this 31 day of March, 2022.

ALEAFIA HEALTH INC.

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B...
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
Per: Matthew Sale
7083A185A879460...
Name: Matthew Sale
Title: Chief Financial Officer

We have authority to bind the Borrower.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B...
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
Per: Matthew Sale
7083A185A879460...
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ALEAFIA FARMS INC.

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Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
7083A185A879460...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the Borrower.

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EMBLEM CORP.

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Per: Tricia Symmes
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
Name: Matthew Sale
Title: Authorized Signatory

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CANABO MEDICAL CORPORATION

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Per: Tricia Symmes
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
Name: Matthew Sale
Title: Authorized Signatory

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ALEAFIA INC.

DocuSigned by:
Per: Tricia Symmes
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

LOAN AGREEMENT

THIS AGREEMENT made as of the 24th day of December, 2021

BETWEEN:

NE SPC II LP, a limited partnership formed under the laws of the Province of Ontario;

(hereinafter referred to as the “**Lender**”)

- and -

ALEAFIA HEALTH INC., a corporation incorporated pursuant to the laws of the Province of Ontario;

(hereinafter referred to as the “**Aleafia Health**”)

- and -

EMBLEM CANNABIS CORPORATION, a corporation incorporated pursuant to the federal laws of Canada;

(hereinafter referred to as “**Emblem Cannabis**”)

- and -

ALEAFIA FARMS INC., a corporation incorporated pursuant to the laws of the Province of Ontario;

(hereinafter referred to as “**Aleafia Farms**”, and together with Aleafia Health and Emblem Cannabis, hereinafter collectively referred to as the “**Borrower**”)

- and -

EMBLEM CORP., a corporation incorporated pursuant to the federal laws of Canada;

(hereinafter referred to as “**Emblem**”)

- and -

CANABO MEDICAL CORPORATION, a corporation incorporated pursuant to the federal laws of Canada;

(hereinafter referred to as “**Canabo**”)

- and -

ALEAFIA INC., a corporation incorporated pursuant to the laws of the Province of Ontario;

(hereinafter referred to as “**Aleafia**”, and together with Emblem and Canabo, hereinafter collectively referred to as the “**Guarantor**”)

RECITALS:

- A. The Borrower has requested the Lender to provide the loan facilities more particularly described in this Agreement, to be available and used for the purposes specified in this Agreement.
- B. The Lender has agreed to provide the Borrower with such loan facilities upon and subject to the terms and conditions herein set forth.

NOW THEREFORE in consideration of the covenants and agreements herein contained the parties hereto covenant and agree as follows:

ARTICLE 1 **DEFINITIONS**

1.1 Definitions:

In this Agreement, including, without limitation, in the recitals to this Agreement, the following capitalized words, terms and expressions have the respective meanings set out below:

- (a) “**Account Debtor**” shall mean any Person who is or may become obligated with respect to, or on account of, an Account;
- (b) “**Accounts**” shall mean all “accounts,” as such term is defined in the PPSA and includes any right of any Person to payment for goods sold or leased or for services rendered, whether or not it has been earned by performance, now owned or hereafter acquired by any Person, including: (i) all accounts receivable, other receivables, book debts and other forms of obligations whether arising out of goods sold or leased or services rendered or from any other transaction whatsoever (including any contract rights); (ii) all of such Person’s rights in, to and under all purchase orders or receipts for goods or services; (iii) all of such Person’s rights to any goods represented by any of the foregoing (including unpaid sellers’ rights of rescission, replevin, reclamation, stoppage in transit, repossession rights under any statute or law including those under Section 81.1 of the BIA, and rights to returned, claimed or repossessed goods); (iv) all monies due or to become due to such Person under all purchase orders and contracts for the sale or lease of goods or the performance of services or both by such Person or in connection with any other transaction (whether or not yet earned by performance on the part of such Person), including the right to receive the proceeds of said purchase orders and contracts; and (v) all collateral security and guarantees of any kind given by any other Person with respect to any of the foregoing;
- (c) “**Advances**” means all the advances by the Lender under the Revolving Facility and the advance under the Term Facility and “**Advance**” means any of the Advances;
- (d) “**Advance Date**” shall mean the date of an Advance under the Revolving Facility or the date of the Advance under the Term Facility, as the case may be;
- (e) “**Affiliate**” shall mean, with respect to any person, any other person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such person, and includes any person in like relation to an Affiliate. A person shall be deemed to control another person if such first person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other person, whether through the ownership of voting securities, by contract or otherwise;
- (f) “**Agreement**”, “**this Agreement**”, “**hereto**”, “**herein**”, “**hereof**”, “**hereby**”, “**hereunder**” and similar expressions used herein shall refer to the whole of this Agreement and any schedule hereto, as amended from time to time;
- (g) “**Aleafia**” shall mean Aleafia Inc. and its successors and permitted assigns;

- (h) “**Aleafia Farms**” shall mean Aleafia Farms Inc. and its successors and permitted assigns;
- (i) “**Aleafia Health**” shall mean Aleafia Health Inc. and its successors and permitted assigns;
- (j) “**Applicable Law**” shall mean, with respect to any Person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgement, decree, treaty, directive or other requirement having the force of law relating or applicable to such person, property, transaction, event or other matter, and shall also include any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation;
- (k) “**Blocked Account**” has the meaning set out in Section 2.8(d);
- (l) “**BIA**” shall mean the *Bankruptcy and Insolvency Act* (Canada), and any successor act or statute, as in effect from time to time or at any time;
- (m) “**Borrower**” shall mean, collectively on a joint and several basis Aleafia Health, Emblem Cannabis, and Aleafia Farms;
- (n) “**Borrower’s Counsel**” means the law firm of [Blake, Cassels & Graydon LLP](#);
- (o) “**Borrowing Base Party**” means Emblem Cannabis, Aleafia Farms and any other Credit Party agreed to in writing by the Lender in its sole and unfettered discretion;
- (p) “**Borrowing Notice**” has the meaning set out in Section 2.1(c);
- (q) “**Business Day**” means each day other than a Saturday, Sunday or any day on which the chartered banks are not open for business in the Province of Ontario;
- (r) “**Canabo**” shall mean Canabo Medical Corporation and its successors and permitted assigns;
- (s) “**Canadian Dollars**”, “**Cdn.**” or “**\$**” means lawful money of Canada;
- (t) “**Change of Control**” means (i) if Aleafia Health ceases to own, legally and beneficially, directly or indirectly, 100% of the issued and outstanding voting shares of Emblem, Emblem Cannabis, Canabo, Aleafia and Aleafia Farms and (ii) the occurrence, in a single transaction or in a series of related transactions, of any of the following events: (A) any transaction (other than a transaction described in paragraph (ii)(B) below) pursuant to which any Person or group of Persons acting jointly or in concert acquires the direct or indirect beneficial ownership of securities of Aleafia Health representing more than 50% of the aggregate voting power of all of Aleafia Health’s then issued and outstanding voting shares; or (B) there is consummated an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) Aleafia Health and, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of Aleafia Health immediately prior thereto do not beneficially own, directly or indirectly, either (x) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such amalgamation, merger, consolidation or similar transaction; or (y) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of Aleafia Health immediately prior to such transaction;
- (u) “**Closing Date**” means December 24, 2021, being the date on which this Agreement is executed and delivered by the parties hereto;

- (v) “**Contractual Obligation**” means, with respect to any Person, any provision or any agreement, instrument, undertaking or other obligation to which such person is a party or by which it or any of its property is bound;
- (w) “**Control**” means, in respect of a particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise. “**Controlling**” and “**Controlled**” have meanings correlative thereto;
- (x) “**Credit Parties**” means, collectively, the Borrower and each Guarantor, and “**Credit Party**” means any one of them;
- (y) “**Current Assets**” means all cash and cash equivalents, trade and other receivables, inventory and biological assets of Aleafia Health on a consolidated basis;
- (z) “**Current Liabilities**” means all accounts payable and accrued liabilities of Aleafia Health on a consolidated basis, including, without limitation, the Advances;
- (aa) “**Current Ratio**” means Current Assets minus Current Liabilities;
- (bb) “**Damages**” in respect of any matter, means all claims, demands, proceedings, losses, damages, (including special, incidental and/or consequential damages such as, but not limited to loss of profit, loss of business revenue and failure to realize expected profits or savings), liabilities, deficiencies, costs and expenses (including, without limitation, all legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) arising directly or indirectly as a consequence of such matter;
- (cc) “**Default**” means any event, act or condition which with the giving of notice or lapse of time, or both, would constitute an Event of Default.
- (dd) “**Eligible Accounts**” shall mean as at the date of determination, all Accounts of each Borrowing Base Party, except any Account:
 - (i) that does not arise from the sale of goods or the performance of services by such Borrowing Base Party in the ordinary course of its business;
 - (ii) upon which: (A) the right to receive payment by such Borrowing Base Party is not absolute or is contingent upon the fulfilment of any condition whatsoever; or (B) such Borrowing Base Party is not able to bring suit or otherwise enforce its remedies against the Account Debtor through judicial process;
 - (iii) to the extent of any concessions, offsets, deductions, contra, returns, chargebacks or understandings with the Account Debtor therein that in any way could reasonably be expected to adversely affect the payment of, or the amount of, such Account;
 - (iv) with respect to which an invoice, acceptable to Lender in form and substance, has not been sent to the account of the debtor;
 - (v) that is not owned by such Borrowing Base Party or is subject to any right, claim, or interest of another Person, other than Encumbrances which are in favour of Lender or Encumbrances that have been subordinated on terms satisfactory to Lender to Liens in favour of Lender or which otherwise rank in priority behind the Lien in favour of Lender;
 - (vi) that arises from a sale to or performance of services for an employee, Affiliate, Subsidiary or shareholder of such Borrowing Base Party, or an entity which has common officers or directors with such Borrowing Base Party;

(vii) that is the obligation of an Account Debtor that is the federal or municipal government or a political subdivision thereof, unless the Lender has agreed to the contrary in writing;

(viii) that is the obligation of an Account Debtor located other than in Canada unless such Account is supported by a letter of credit in which Lender has a first priority perfected security interest and Lien by possession or credit insurance acceptable to Lender (and naming Lender as loss payee);

(ix) that is the obligation of an Account Debtor to whom Emblem Cannabis, Aleafia Farms, or an employee, Affiliate, Subsidiary or shareholder of such Borrowing Base Party, or an entity which has common officers or directors with such Borrowing Base Party, is or may become liable for goods sold or services rendered by the Account Debtor to such Persons, to the extent of the liability of such Persons to such Account Debtor;

(x) that arises with respect to goods which are delivered on a cash-on-delivery basis or placed on consignment, guaranteed sale or other terms by reason of which the payment by the Account Debtor may be conditional;

(xi) that has a due date of more than sixty (60) days from its invoice date or that is not paid within sixty (60) days from its invoice date, or that are Accounts of an Account Debtor if 25% or more of the Accounts owing from such Account Debtor remain unpaid within such time periods;

(xii) that is an obligation of an Account Debtor that has suspended business, made a general assignment for the benefit of creditors, is unable to pay its debts as they become due or as to which a petition has been filed (voluntary or involuntary) under any law relating to bankruptcy, insolvency, reorganization or relief of debtors;

(xiii) that arises from any progress billing, bill-and-hold or other sale of goods or services which remain in the possession or under the control of such Borrowing Base Party, or services not yet rendered, including, without limitation, deposits or prepaid amounts or otherwise on account of deferred revenue;

(ivx) as to which Lender's interest therein is not a first priority perfected security interest and Lien;

(xv) to the extent that such Account exceeds any credit limit established by Lender in Lender's good faith discretion;

(xvi) as to which any of the representations or warranties pertaining to Accounts are untrue;

(xvii) that represents interest payments, late or finance charges, or service charges owing to such Borrowing Base Party;

(xviii) with respect to which the Account Debtor is located in any province of Canada which requires the filing of a Notice of Business Activities Report or registration or licensing to carry on business or similar report, registration or licensing in order to permit such Borrowing Base Party to seek judicial enforcement in such province of Canada of payment of such Account, unless such Borrowing Base Party, as applicable, has qualified to do business in such province of Canada or has filed a Notice of Business Activities Report or registration or licensing to carry on business or equivalent report, registration or licensing for the then current year; or

(xix) that has not been credit approved by the Lender or is not otherwise acceptable in the good faith discretion of Lender, provided, that Lender shall have the right to create and adjust eligibility standards and related reserves from time to time in its good faith discretion, which eligibility standards may include, but are not limited to, random verification or notification;

(ee) **“Emblem”** shall mean Emblem Corp. and its successors and permitted assigns;

- (ff) “**Emblem Cannabis**” shall mean Emblem Cannabis Corporation and its successors and permitted assigns;
- (gg) “**Environmental Health and Safety Liabilities**” means any liability or damages, including, without limitation, any bodily injury, personal injury, property damage, damage to or of any Person, or on-site or off-site contamination of any real property and any consequence thereof, arising out of or relating to Environmental Laws or the presence, management, use, storage, disposal, release, discharge, distribution or processing of Hazardous Materials or **Hazardous Substance**;
- (hh) “**Environmental Laws**” means all Applicable Law in respect of the natural environment, public or occupational health or safety, and the manufacture, importation, handling, transportation, storage, disposal and treatment of Hazardous Materials or Hazardous Substances;
- (ii) “**Equipment**” means the all goods now or hereafter used or intended to be used in any business of the Credit Parties operating or to be operating at or out of the Real Property, including but not limited to fixtures, plant, tools, furniture, equipment, machinery, all spare parts, accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto, vehicles, inventory and other tangible personal property;
- (jj) “**Existing Credit Agreement**” means the credit agreement dated as of August 20, 2021 between Aleafia Health and the Existing Lender, as amended by amending agreement no. 1 dated as of December 24, 2021, as such credit agreement may be further amended, restated, replaced, refinanced or otherwise modified from time to time;
- (kk) “**Existing Lender**” means 1260356 Ontario Limited and its successors and assigns.
- (ll) “**Event of Default**” means any one of the Events of Default set out in Article 6 hereof;
- (mm) “**Financial Statements**” means, collectively, the (i) audited annual consolidated financial statements of Aleafia Health as at and for the financial year ended December 31, 2020 (which financial statements include comparative financial information for the 2019 financial year), together with the notes thereto and the auditors’ report thereon; and (ii) the unaudited interim condensed consolidated financial statements of Aleafia Health as at and for the three and nine month periods ended September 30, 2021 (which financial statements include comparative financial information for the comparable periods in 2020), and including the notes thereto;
- (nn) “**Guarantors**” shall mean Emblem, Canabo and Aleafia, and “**Guarantor**” means any one of them;
- (oo) “**Hazardous Materials**” means any wastes, soil, excavated or reclaimed soil or debris and includes materials, substances or pollutants, whether or not hazardous or toxic (including petroleum products, polychlorinated biphenyls (“**PCBs**”), asbestos or asbestos-containing materials and radioactive materials), the presence, management, use, storage, disposal, release, discharge, distribution or processing of which is regulated by or could give rise to liability under Environmental Laws;
- (pp) “**Hazardous Substance**” means any solid, liquid, gas, odour, heat, sound, vibration or radiation, or combination thereof, that may impair the natural environment, injure or damage property or plant or animal life or harm or impair the health of any individual;
- (qq) “**Health Canada Licences**” has the meaning given to it in Section 4.1(s)(v);
- (a) “**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board, which were adopted by the Canadian Accounting Standards Board as Canadian generally accepted accounting principles applicable to publicly accountable enterprises;
- (b) “**Insurance**” means the insurance required to be kept and maintained by the Borrower pursuant to Article 7 hereof;

- (c) “**Investment**” shall mean, with respect to any Person, any direct or indirect investment in, or purchase or other acquisition of the securities of, or an equity interest in any other Person, any loan or advance to, or arrangement for the purpose of providing funds or credit to (excluding extensions of trade credit in the ordinary course of business in accordance with customary commercial terms), or capital contribution to (whether by means of a transfer of cash or other property or any payment for property or Service for the account or use of) any other Person, or any purchase or other acquisition of all or substantially all of the property of any other Person;
- (d) “**Lender**” means NE SPC II LP and its successors and assigns;
- (e) “**Lender’s Counsel**” means Chaitons LLP, 5000 Yonge Street, 10th Floor, Toronto, Ontario M2N 7E9, Attention: Philip Taylor;
- (f) “**Lending Margin**” has the meaning given to it in Section 2.1(d);
- (g) “**Licence Amendment**” has the meaning given to it in Section 5.1(d);
- (h) “**Lien**” shall mean, whether based on common law, statute or contract, whether choate or inchoate, whether or not crystallized or fixed, whether or not for amounts due or accruing due: (i) any mortgage, security deed or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, security title, deemed trust, requirement to pay, easement, reservation, exception, encroachment, privilege, title exception, garnishment right, prior claim or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement and any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the PPSA or comparable law of any jurisdiction); and (ii) any rights of repossession or similar right of an unpaid supplier;
- (i) “**Loan**” shall mean the aggregate of all Advances from time to time;
- (j) “**Loan Amount**” means, at any point in time, the principal amount of the Loan then outstanding and unpaid, from time to time, whether or not then due;
- (k) “**Loan Documents**” means this Agreement and the Security Documents, together with any other document, instrument or agreement (other than participation, agency or similar agreements between the Lender and any other bank or creditor with respect to any indebtedness or obligations of any Credit Party (as applicable) hereunder or thereunder) now or hereafter entered into in connection with this Agreement, as such documents, instruments or agreements may be amended, modified or supplemented from time to time.
- (l) “**Material Adverse Effect**” means any change, condition, event or occurrence, as determined by the Lender, in its sole and absolute discretion, in respect of the Borrower or the Guarantors or the Real Property or other collateral granted under the Security Documents or any of them that, individually or in the aggregate, has been, or could reasonably constitute or be expected to constitute a material adverse change which involves a reasonable possibility of any change, condition, event or occurrence which, when considered either individually or together with all other changes, conditions, events or occurrences, could reasonably be expected to materially and adversely affect (i) the financial condition, results of operations, business, assets, capital or prospects of any of the Credit Parties, (ii) on the ability of any of the Credit Parties to perform its obligations under any of the Security Documents, (iii) the validity or enforceability of any of the Loan Documents, the priority of the Liens created thereby or the rights and remedies of the Lender thereunder, or (iv) the value of the collateral as determined by the Lender in its sole and absolute discretion. For the purpose of greater certainty, a Material Adverse Effect includes, but is not limited to, any actions, suits or proceedings, pending or, threatened other than suits or proceedings involving a claim of less than \$500,000;

- (m) “**Maximum Amount**” shall mean the aggregate of the Revolving Facility Maximum Amount and the Term Facility Maximum Amount;
- (n) “**Permit**” shall have the meaning ascribed thereto in Section 4.1(r) hereof;
- (o) “**Permitted Encumbrances**” means those encumbrances set out in Schedule “1” hereto annexed;
- (p) “**Person**” is to be broadly interpreted and shall include an individual, a corporation, a partnership, a trust, an unincorporated organization, a joint venture, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;
- (q) “**PPSA**” shall mean the *Personal Property Security Act* (or any successor statutes) as the same may, from time to time, be in effect in the Province of Ontario; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of Lender’s security interest in any collateral is governed by the Personal Property Security Act as in effect in a jurisdiction other than the Province of Ontario, the term “**PPSA**” shall mean the Personal Property Security Act or a similar act or statute as in effect in such other jurisdiction for purposes of the provisions of this Agreement relating to such attachment, perfection or priority and for purposes of definitions related to such provisions;
- (r) “**Priority Payables**” shall have the meaning ascribed thereto in Section 2.8(q) hereof;
- (s) “**Other Bank Accounts**” has the meaning set out in Section 2.8(e);
- (t) “**Real Property**” shall mean the lands and premises: (i) municipally known as 20 Woodslee Avenue, Paris, Ontario and as legally described in PIN 32040-0546(LT) and (ii) municipally known as 378 South Service Road, Grimsby, Ontario and as legally described in PIN 46033-0368(LT); together with all of the present and future rights, benefits, agreements, rights-of-way, easements, privileges and right to use or occupy now or hereafter to such real property and, all fixtures, improvements, buildings and other structures placed, installed or erected from time to time on any such real property;
- (u) “**Release**” is to be broadly interpreted and shall include an actual, impending or potential discharge, deposit, spill, leak, pumping, pouring, emission, emptying, injection, escape, leaching, seepage or disposal of a Hazardous Substance which is or may become or might constitute a breach of any Environmental Laws;
- (v) “**Required Consents**” means any consent that would be required pursuant to any license or user agreement between any Credit Party and another person in order to grant a security interest in the subject matter thereof to the Lender in the ranking and priority required by the Lender;
- (w) “**Restricted Payment**” means, with respect to any Person, any payment to such Person (i) of any dividends, withdrawals of capital or other payments of any kind on or in respect of any shares of its capital, (ii) on account of, or for the purpose of setting apart any property for a sinking or other analogous fund for, the purchase, redemption, retirement or other acquisition of any shares of its capital or any warrants, options or rights to acquire any such shares, or the making by such persons of any other distribution in respect of any shares of its capital, (iii) of any principal of or interest or premium on or of any amount in respect of a sinking or analogous fund or defeasance fund for any debt or liability of such person ranking in right of payment subordinate to any liability of such Person under the Security Documents, (iv) of any principal of or interest or premium on or of any amount in respect of any debtor liability of any creditor that has postponed its debt and/or subordinated its security to the Lender; (v) in respect of an Investment, or (vi) of any management, consulting or similar fee or any bonus payment or comparable payment (other than any bonus or similar payment made in the ordinary course of business and consistent with past practice), or by

way of gift or other gratuity, to any Affiliate of such person or to any shareholder, director or officer thereof;

- (x) “**Revolving Facility**” has the meaning given to it in Section 2.1;
- (y) “**Revolving Facility Advance**” means each advance of funds by the Lender under the Revolving Facility;
- (z) “**Revolving Facility Borrowing Limit**” has the meaning give to it in Section 2.1(e);
- (aa) “**Revolving Facility Maximum Amount**” has the meaning given to it in Section 2.1;
- (bb) “**Security Documents**” means those documents referred to in Section 3.1 hereof;
- (cc) “**Subordinated Indebtedness**” means unsecured indebtedness of Aleafia Health arising pursuant to the debenture indenture dated as of June 27, 2019 between Aleafia Health and Computershare Trust Company of Canada, as such indenture may be amended, restated, replaced, refinanced or otherwise modified from time to time;
- (dd) “**Subsidiary**” of any Person shall mean any other Person of which shares or other equity units having ordinary voting power to elect a majority of the board of directors or other individuals performing comparable functions, or which are entitled to or represent more than 50% of the owners’ equity or capital or entitlement to profits, are owned beneficially or controlled, directly or indirectly, by any one or more of such first person and the Subsidiaries of such first person, and shall include any other Person in like relationship to a Subsidiary of such first person;
- (ee) “**Term Facility**” has the meaning provided for in Section 2.1;
- (ff) “**Term Facility Advance**” means the advance of funds by the Lender under the Term Facility;
- (gg) “**Term Facility Borrowing Limit**” has the meaning give to it in Section 2.1(e);
- (hh) “**Term Facility Maximum Amount**” has the meaning given to it in Section 2.1;

1.2 **Schedules:**

The following schedules are attached hereto and are incorporated in and deemed to be an integral part of this Agreement:

Schedule “1”	Permitted Encumbrances
Schedule “2”	Postponement/Subordination/No Interest Letter Requirements
Schedule “3”	Subsidiaries
Schedule “4”	Debt Required to be paid out on Closing
Schedule “5”	Additional Closing Deliverables
Schedule “6”	Borrowing Notice
Schedule “5”	Bank Accounts
Schedule “5”	Litigation

ARTICLE 2
REVOLVING FACILITY AND TERM FACILITY

2.1 Revolving Facility and Term Facility Established:

In reliance upon the representations, warranties and covenants of the Borrower herein contained and subject to the terms and conditions herein set forth, the Lender hereby establishes in favour of the Borrower to refinance certain existing indebtedness, to pay fees and expenses incurred in connection with this Agreement and for ongoing working capital and other general corporate purposes: (a) a demand loan facility (the “**Revolving Facility**”) up to a maximum amount of Seven Million (\$7,000,000) Dollars (the “**Revolving Facility Maximum Amount**”); and (b) a non-revolving term loan facility (the “**Term Facility**”) up to a maximum amount of Twelve Million (\$12,000,000) Dollars (the “**Term Facility Maximum Amount**”), on the following terms:

- (a) The Revolving Facility is payable on the earlier of demand and the second (2nd) anniversary of the first Advance Date. Prior to demand, monthly payments of interest only shall be made on the last business day of each and every month. Notwithstanding any other payment dates specified herein or any other provision hereof, the outstanding Loan Amount under the Revolving Facility is due and payable on demand and the right of the Lender to make partial or full demands hereunder is absolute and unconditional notwithstanding the inclusion of covenants, representations, warranties and any Event of Default. Subject to the Lender's right to make a demand for payment at any time, the Revolving Facility shall be a revolving twenty four (24) month facility.
- (b) The amounts outstanding under the Revolving Facility may be repaid and re-borrowed from time to time, subject to the provisions of this Agreement. Amounts borrowed shall be made by way of draw-downs of Revolving Facility Advances (in the minimum amount of Fifty Thousand (\$50,000) Dollars each) and no more than weekly. No further draw-downs will be permitted under the Revolving Facility after a demand for payment is made by the Lender. All amounts outstanding may be repaid in accordance with the provisions of Section 2.1(a) hereof.
- (c) Each request by the Borrower for an Advance (including, unless otherwise agreed, for the initial Advance) under the Revolving Facility shall be made by the delivery to the Lender of a duly completed and executed borrowing notice in the form of Schedule “6” (each, a “**Borrowing Notice**”).
- (d) The “**Lending Margin**” shall be calculated as 75% of the Eligible Accounts, less reserves for Priority Payables of **each Borrowing Base Party** as determined by the Lender in its sole discretion.
- (e) The outstanding Loan Amount under the Revolving Facility shall not at any time exceed the lesser of (i) the Revolving Facility Maximum Amount and the Lending Margin (the “**Revolving Facility Borrowing Limit**”). No draw-down of a Revolving Facility Advance shall be permitted if, after the Advance, the outstanding Loan Amount under the Revolving Facility would exceed the Revolving Facility Borrowing Limit.
- (f) The Term Facility shall be advanced in one Advance. The amount of the Advance shall be Twelve Million (\$12,000,000) Dollars.
- (g) The Loan Amount under the Term Facility shall not exceed the lesser of (i) the Term Facility Maximum Amount and (ii) 65% of the appraisal of the Real Property and the Equipment (the “**Term Facility Borrowing Limit**”), such appraisal to be completed by a third party appraiser satisfactory to the Lender in its sole discretion. All values attributed to the Real Property and the Equipment shall be in the sole discretion of the Lender. At no time shall the Term Facility exceed the Term Facility Borrowing Limit.
- (h) The Term Facility shall be repayable on the earlier of demand and the second (2nd) anniversary of the first Advance Date. Prior to demand, the Term Facility shall be repayable as follows:

- (i) monthly payments of interest only shall be made on the last business day of each and every month on the principal amount outstanding under the Term Facility; provided that, for the six (6) month period following the first Advance Date, interest on the Term Facility and such amount shall accrue and be added to the principal outstanding under the Term Facility;
 - (ii) on the earlier of demand and the second anniversary (2nd) of the Advance Date, the Borrower shall pay the outstanding balance of the Term Facility with all interest accrued but unpaid thereon, together with any other amounts outstanding or payable hereunder; and
 - (iii) if, in any given month, the regular payment date is not a Business Day, then the payment shall be made prior to 1:00 p.m. (Toronto time) on the close of Business Day prior to such regular payment date.
- (i) Provided the Lender has not made a demand hereunder and there shall not have occurred any Event of Default hereunder, the Borrower shall have the privilege of prepaying the Loan in whole:
- (i) prior to the first anniversary of the first Advance Date of the Loan, on payment of an amount equal to one percent (1.0%) of the Loan Amount; or
 - (ii) on or following the first anniversary of the first Advance Date of the Loan, without penalty on ninety (90) days' prior written notice to the Lender, or payment of ninety (90) days' interest on the Loan Amount in lieu of such notice;

together with all accrued and unpaid interest thereon to the date of the prepayment together with any other amounts outstanding or payable hereunder.

- (j) Any payment of principal or interest hereunder shall be made payable to or to the order of the Lender or to such Person or Persons as the Lender may from time to time in writing direct.
- (k) Notwithstanding anything to the contrary herein, any partial or late payments shall be applied against any part of the indebtedness owing hereunder by the Borrower to the Lender as the Lender may see fit in its sole and absolute discretion and the Lender shall at all times and from time to time have the right to change any application of any late or partial payment received by it and to re-apply the same on any part or parts of such indebtedness as the Lender may see fit in its sole and absolute discretion, notwithstanding any previous application.
- (l) All payments hereunder shall be made at the Lender's office in Toronto, Ontario as set out in Section 9.1 hereof prior to 1:00 p.m. (Toronto time). Any payments received by the Lender after 1:00 p.m. (Toronto time) on the day payable shall be deemed to have been made and to have been received by the Lender on the next Business Day.
- (m) Interest on overdue interest shall be calculated in respect of the daily balance outstanding at the rate of interest set out in Section 2.2 hereof plus five percent (5%) per annum, determined daily and calculated and payable monthly, based on the actual number of days elapsed divided by 365.
- (n) In the event that any provision of this Agreement would oblige Borrower to make any payment of interest or any other payment that is construed by a court of competent jurisdiction to be interest in an amount or calculated at a rate that would be prohibited by law or would result in a receipt by Lender of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)), then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted *nunc pro tunc* to the Revolving Facility Maximum Amount, the Term Facility Maximum Amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by the Lender of interest at a criminal rate, such adjustment to be effected, to the extent necessary, (i) firstly, by reducing the amount or rate of interest otherwise required to be paid under Sections 2.1(n) and 2.2 and (ii) thereafter, by reducing any fees, commissions, premiums and other amounts that would constitute interest for the purposes of section 347 of the Criminal Code (Canada). If,

notwithstanding the provisions of this Section 2.1(o) and after giving effect to all adjustments contemplated thereby, the Lender shall have received an amount in excess of the maximum permitted by the *Criminal Code* (Canada), then such excess shall be applied by the Lender to the reduction of the principal balance of the Loan outstanding and not to the payment of interest or if such excessive interest exceeds such principal balance, such excess shall be refunded to Borrower. Any amount or rate of interest referred to in this Section 2.1(o) shall be determined in accordance with generally accepted actuarial practices and principles at an effective annual rate of interest over the term of this Agreement on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the *Criminal Code* (Canada)) shall, if they relate to a specific period of time, be prorated over that period of time and otherwise be prorated over the terms of this Agreement and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Lender shall be conclusive for the purposes of such determination.

- (o) Unless otherwise stated, wherever in this Agreement reference is made to a rate of interest "per annum" or a similar expression is used, such interest will be calculated on the basis of a calendar year of 365 days or 366 days, as the case may be, and using the nominal rate method of calculation, and will not be calculated using the effective rate method of calculation or on any other basis that gives effect to the principle of deemed re-investment of interest.
- (p) For the purposes of the *Interest Act* (Canada) and disclosure under such act, whenever interest to be paid under this Agreement is to be calculated on the basis of a year of 365 or 366 days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 365 or 366 or such other period of time, as the case may be.

2.2 Interest:

Interest shall be calculated at the rate of the National Bank of Canada prime rate plus nine percent (9.0%) per annum on the daily balance outstanding under the Revolving Facility and the Term Facility and payable monthly in arrears during the term of the Term Facility commencing on the last business day of the month in which the first Advance Date under the Revolving Facility and the Advance Date under the Term Facility fall, provided that the National Bank of Canada prime rate shall be deemed at all times to be the greater of then current National Bank of Canada prime rate and three point four five percent (3.45%) per annum. Interest shall be calculated monthly in arrears, before and after maturity, default or judgment, with interest on overdue interest calculated in the same manner at any time on the daily balance outstanding at the same rate based on the actual number of days lapsed divided by 365.

2.3 Legal Fees:

All reasonable legal, financial and other advisory fees and disbursements (on a full indemnity basis) of the Lender in connection with the completion of the transactions contemplated herein and includes, without limitation, the drafting, preparation and negotiation of the agreements and other documents governing this transaction, advising the Lender thereon and closing and reporting upon the completion of the transaction, shall be borne by the Borrower and shall be payable on the earlier of the first Advance Date under the Revolving Facility and the first Advance Date under the Term Facility. Such fees and disbursements are payable whether or not the Revolving Facility or the Term Facility are completed or funds are advanced in connection therewith and shall be secured by the Security Documents.

2.4 Commitment Fee:

In connection with the Revolving Facility and the Term Facility, the Borrower shall pay to the Lender a commitment fee equal to one percent (1.0%) of the Maximum Amount. The commitment fee is fully earned and is due and payable on the first Advance Date under the Revolving Facility and the Term Facility.

2.5 Facility Fee:

In connection with the Revolving Facility and the Term Facility, the Borrower shall pay to the Lender a facility fee equal to one percent (1.0%) of the Maximum Amount. The facility fee is fully earned and is due and payable on the first Advance Date under the Revolving Facility and the Term Facility and on each anniversary of the first Advance Date thereafter, including renewals, if any, of the Loan.

2.6 Real Property Appraisal Fee:

In connection with the Term Facility, the Borrower shall pay to the Lender on demand all out of pocket expenses incurred by the Lender in connection with the appraisals of the Real Property and the Equipment conducted for the Lender by a third party appraiser satisfactory to the Lender in its sole discretion; provided, however, that so long as no Default has occurred, the Borrower shall not be required to reimburse the cost of more than one such appraisal in each year the Loan remaining outstanding and any appraisal is conducted at least 90 days prior to anniversary of the first Advance Date. If such amount is not paid within five (5) days of demand, such amount shall be a request for an advance under the Revolving Facility and shall constitute a Loan and a Revolving Facility Advance.

2.7 Proof of Loan Amount:

The Borrower acknowledges that the recording by the Lender of the Advances and any principal, interest, fees, payments or other amounts owing or received under this Agreement in an account opened and maintained by the Lender in respect thereof shall constitute, in the absence of manifest error, conclusive evidence of the Borrower's indebtedness and liability at any time and from time to time under this Agreement; provided that the failure of the Lender to record any amount in such account shall not affect the obligation of the Borrower to pay or repay such indebtedness and liability in accordance with the terms of this Agreement.

2.8 Pre-Conditions to the First Advance:

The Lender shall not be obliged to make the first Advance under the Revolving Facility and the Term Facility unless and until each of the following conditions has been fulfilled, satisfied and performed in a manner completely satisfactory to the Lender and its counsel in all respects:

- (a) the Lender shall have obtained approval for the Loan from its Credit Committee;
- (b) all of the Security Documents, each in form and substance satisfactory to and approved by the Lender and the Lender's Counsel, shall have been executed by such Persons as are duly authorized to execute such documents and the Lender shall be satisfied that such Persons have been so duly authorized and such documents shall have been delivered to the Lender's Counsel and filed and registered as the Lender's Counsel may consider necessary or advisable;
- (c) the Borrower shall have delivered to the Lender evidence, satisfactory to the Lender, of the due incorporation, organization and subsistence of the Borrower and the due authorization, execution, delivery and ability to perform its obligations under the Security Documents, as applicable;
- (d) in respect of the Revolving Facility only, Emblem Cannabis shall have established a blocked account at a chartered bank acceptable to the Lender in its sole discretion into which all sales receipts, accounts receivable receipts and all proceeds therefrom, in each case, relating to Eligible Accounts are deposited and swept daily against the Revolving Facility (the "**Blocked Account**"). All all times, cash management arrangements shall be satisfactory to the Lender in its sole discretion;
- (e) in respect of the Revolving Facility only, Aleafia Health and each of its Subsidiaries shall have provided the Lender with unfettered online read-only access to all of its bank accounts other than the Blocked Account, a complete list of which is set out in Schedule "7", which also sets out the accounts other than the Blocked Account to which each Account Debtor of Aleafia Health and each of its Subsidiaries have been instructed to remit payment (collectively, the "**Other Bank**");

Accounts”). Aleafia Health and its Subsidiaries shall not maintain any bank accounts other than the accounts listed in Schedule “7”;

- (f) in respect of the Revolving Facility only, if required by the Lender, the Lender shall have received a use agreement satisfactory to the Lender in respect of assets permitted to be purchased by a Credit Party pursuant to Section 5.2(f) of this Agreement;
- (g) the Borrower shall have delivered to the Lender a duly completed and executed Borrowing Notice;
- (h) the Lender shall have received an officer’s certificate, including without limitation, certificates of incumbency, from each Credit Party, in form and substance satisfactory to the Lender, acting reasonably;
- (i) the Lender shall have received opinions of the Borrower’s Counsel addressed to the Lender and the Lender’s Counsel with respect to the due authorization, execution, delivery and enforceability of this Agreement and the Security Documents, and the registration of security interests in respect of each Credit Party and containing such other opinions as the Lender and the Lender’s Counsel consider appropriate, all in form and substance satisfactory to the Lender and the Lender’s Counsel acting reasonably;
- (j) each of the covenants and agreements set out in this Agreement and each other Loan Document shall have been performed, fulfilled and satisfied, no Event of Default shall have occurred and continue to subsist and no event or circumstance shall have occurred and no condition shall exist which will result, either immediately, or with the lapse of time or giving of notice or both, in the occurrence or existence of an Event of Default;
- (k) each of the warranties and representations made by each Credit Party in this Agreement and each other Loan Document shall be true and correct on and after an Advance Date with the same effect as if such representations and warranties had been made on and as of the Advance Date (other than those that are made with respect to a specific date which continue to be true and correct as of such date), and the Borrower shall have delivered to the Lender a certificate of a senior officer of the Borrower to such effect;
- (l) no Material Adverse Effect shall have occurred;
- (m) the Lender shall have completed a satisfactory review of:
 - (i) the appraisal of the Real Property and the Equipment;
 - (ii) satisfactory review of all licenses required under the *Cannabis Act*, including, but not limited to, the Health Canada Licences; and
 - (iii) the Financial Statements;
- (n) the Lender shall have completed a satisfactory review of each requested contract and agreement of the applicable Credit Party, including evidence of payment history, terms and details of all past due accounts receivable;
- (o) the Lender shall have completed a satisfactory review of any accounts receivable insurance programs implemented or to be implemented by the Borrower;
- (p) the Lender shall have received such financial and other information in respect of each Credit Party as may be reasonably required by the Lender;
- (q) the Lender shall have received Certificates of Insurance in form and substance acceptable to the Lender, together with evidence satisfactory to the Lender that each policy of insurance is in full

force, that all premiums which are due have been paid and that no claims have been made thereunder or, if any claims have been made, written notice of such claims has been given to the Lender and that coverage of such risks and perils as stipulated in Article 7 have been effected and are in force;

- (r) the Lender shall have received evidence, satisfactory to it, of its first priority charge as against all of the property, assets and undertaking of each Credit Party, including, but not limited to, the Eligible Accounts, the Real Property and the Equipment, subject only to the Permitted Encumbrances;
- (s) the Lender shall have received evidence, satisfactory to it, that all rents payable pursuant to contractual payment terms, periodic payments contractually owing to prior ranking secured creditors (if any) and all statutory priority claims (including, without limitation, goods and service tax, harmonized sales tax, provincial retail sales tax, workers' compensation remittances, employee source deductions (i.e., income tax, pension plan contributions and employment insurance premiums etc.)) (collectively, the "**Priority Payables**") have been paid up to date and have no claim against the property, assets and undertaking of each Credit Party;
- (t) each Credit Party shall have received all third party consents or approvals required by the Lender to be obtained or pursuant to any agreement, instrument or document by which any Credit Party is bound and under which consent or approval from a third party is required as a result of such Credit Party entering into this Agreement or in connection with such Credit Party completing the transactions contemplated herein;
- (u) the Lender shall have received duly executed priority agreements, postponement and subordination agreements or no interest letters, satisfactory to the Lender, from the parties set out in Schedule "2" hereto annexed;
- (v) in respect of the Revolving Facility only, the Lender shall have received a Subordination, Postponement and Standstill Agreement in respect of the Subordinated Indebtedness satisfactory to the Lender;
- (w) the debt referred to in Schedule "4" annexed hereto shall be repaid (or satisfactory arrangements for the repayment thereof) in full or as set forth in Schedule "4" simultaneously with the obtaining of the Advance by the Borrower;
- (x) the documentation referred to in Schedule "5" annexed hereto shall be delivered contemporaneously with the Advance;
- (y) the Lender shall be satisfied that the Borrower and the Guarantors have complied with and are continuing to comply with all applicable federal, provincial and municipal laws, regulations and policies in relation to their respective activities, except where the failure to do so, individually or in the aggregate, would not result in a Material Adverse Effect;
- (z) the Lender shall be satisfied that there are no mortgages, charges, security interests or other encumbrances ranking ahead of the Lender's security in the assets of any Credit Party, except for Permitted Encumbrances and for those disclosed to and approved, in writing, by the Lender;
- (aa) the Borrower has retained a payroll service to remit all payroll related payments including service deductions, such service to be acceptable to the Lender; and
- (bb) the Lender shall have received such other documentation as the Lender or the Lender's Counsel may reasonably require.

Each of the conditions set forth in this Section 2.8 is for the exclusive benefit of the Lender and unless waived in writing by the Lender shall be fulfilled, satisfied and performed by each Credit Party.

2.9 Pre-Conditions to Subsequent Advances:

The Lender shall not be obliged to make an Advance following the first Advance under the Revolving Facility and the Term Facility unless and until each of the following conditions has been fulfilled, satisfied and performed in a manner completely satisfactory to the Lender and its counsel in all respects:

- (a) the Borrower shall have delivered to the Lender a duly completed and executed Borrowing Notice;
- (b) satisfactory completion by the Lender of all due diligence required by the Lender in respect of each Credit Party and their respective business and financial condition as well as the Real Property and the Equipment, such due diligence to include, without limitation:
 - (i) confirmation that all Priority Payables are paid and in good standing;
 - (ii) confirmation of payment of all taxes due and payable in respect of the Real Property;
 - (iii) confirmation that each policy of insurance is in full force;
 - (iv) confirmation that no subsequent encumbrances, other than Permitted Encumbrances, have been registered against the Real Property or the Equipment; and
 - (v) confirmation of no executions registered against Emblem Cannabis or Aleafia Farms;
- (c) if required by the Lender, the Lender shall have received a use agreement satisfactory to the Lender in respect of assets permitted to be purchased by a Credit Party pursuant to Section 5.2(f) of this Agreement;
- (d) each of the covenants and agreements set out in this Agreement and each other Loan Document shall have been performed, fulfilled and satisfied, no Event of Default shall have occurred and continue to subsist and no event or circumstance shall have occurred and no condition shall exist which will result, either immediately, or with the lapse of time or giving of notice or both, in the occurrence or existence of an Event of Default;
- (e) each of the warranties and representations made by each Credit Party in this Agreement and each other Loan Document shall be true and correct on an Advance Date with the same effect as if such representations and warranties had been made on and as of the Advance Date (other than those that are made with respect to a specific date which continue to be true and correct as of such date), and the Borrower shall have delivered to the Lender a certificate of a senior officer of the Borrower to such effect;
- (f) no Material Adverse Effect shall have occurred;
- (g) the Lender shall be satisfied that the Borrower and the Guarantors have complied with and are continuing to comply with all applicable federal, provincial and municipal laws, regulations and policies in relation to their respective activities, except where the failure to do so, individually or in the aggregate, would not result in a Material Adverse Effect; and
- (h) the Lender shall have received such other documentation as the Lender or the Lender's Counsel may reasonably require.

Each of the conditions set forth in this Section 2.9 is for the exclusive benefit of the Lender and unless waived in writing by the Lender shall be fulfilled, satisfied and performed by each Credit Party.

ARTICLE 3
SECURITY

3.1 Security Documents:

As security for the timely repayment of the Loan and the due and punctual payment and performance of this Agreement and all other indebtedness, liabilities and obligations of each Credit Party to the Lender under, arising out of or from this Agreement or any other Loan Document, both present and future direct or indirect, absolute or contingent, matured or otherwise, or howsoever arising, each Credit Party shall deliver to the Lender on or before the Advance Date (unless otherwise indicated) the following documents, each in form and content satisfactory to the Lender:

- (a) a collateral first charge/mortgage of land in the principal amount of \$19,000,000 over the Real Property subject only to the Permitted Encumbrances from each of Emblem Cannabis and Aleafia Farms in favour of the Lender and supported by title insurance;
- (b) a general assignment of rents over the Real Property subject only to the Permitted Encumbrances from each of Emblem Cannabis and Aleafia Farms in favour of the Lender;
- (c) a general security agreement from each Credit Party in favour of the Lender creating a first charge over all present and after-acquired property, assets and undertaking of each Credit Party subject only to the Permitted Encumbrances; provided that, the general security agreement from Aleafia Farms will exclude all present and after-acquired property, assets and undertaking of Aleafia Farms relating to the Port Perry property.
- (d) an environmental indemnity from each Credit Party;
- (e) a corporate guarantee from each of the Guarantors in support of the Borrower's obligations to the Lender under this Agreement containing an assignment and postponement of claims by them in favour of the Lender in respect of the Borrower;
- (f) prior to the first Revolving Facility Advance, a blocked account agreement from Emblem Cannabis in favour of the Lender, such agreement to be in form and substance acceptable to the Lender;
- (g) an assignment to the Lender of the rights, benefits and interest of each Credit Party in and to the Insurance and all proceeds resulting therefrom, together with (i) an endorsement from the insurers in form and content satisfactory to the Lender showing that all proceeds arising from such Insurance shall be payable to the Lender, (ii) a standard mortgage clause or endorsement approved by the Insurance Bureau of Canada, including, without limitation the requirement for the insurer to give to the Lender at least 30 days prior written notice of any alteration in the terms of such policies or of the cancellation thereof; and (iii) other evidence satisfactory to the Lender that the insurance is in effect on or prior to the advance of the Loan;
- (h) all priority/subordination agreements or discharges by existing secured creditors necessary to ensure that there are no mortgages, charges, security interests or other encumbrances ranking ahead of the Lender's security in the assets of any Credit Party except for Permitted Encumbrances and those disclosed to and approved, in writing, by the Lender;
- (i) all subordination, assignment, postponement and standstill agreements in respect of the indebtedness of each Credit Party from shareholders and/or Affiliates;
- (j) such other documents, agreements, instruments, undertakings and assurances as the Lender or the Lender's Counsel, acting reasonably, may deem necessary or advisable in connection with, relating to or arising from or to give effect to or better assure the foregoing Security Documents.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties:

In order to induce the Lender to enter into this Agreement and to make available the Loan and to advance the Loan, each Credit Party make the following representations and warranties to the Lender as at the date hereof:

- (a) Authorization: Each Credit Party has the corporate power and authority required as of the date hereof to enter into and perform its obligations under this Agreement, to own or lease its property and assets and to conduct the business in which it is currently engaged.
- (b) Corporate Power, No Conflict with Laws or Agreements: Neither the execution nor the delivery of this Agreement by any Credit Party, nor the consummation by it of the transactions herein contemplated, nor the compliance by it with the terms, conditions and provisions hereof will conflict with or result in a breach of any of the terms, conditions or provisions of:
 - (i) its constating documents;
 - (ii) any material agreement, instrument or arrangement to which such Credit Party is a party, or by which any of its property is or may be bound, or constitute a default thereunder, or result thereunder in the creation or imposition of any Lien of any nature whatsoever upon any of the properties or assets of such Credit Party (except for any Lien arising in favour of the Lender under this Agreement or the Security Documents);
 - (iii) any judgment, order, writ, injunction or decree of any court, relating to such Credit Party; or
 - (iv) any Applicable Law relating to such Credit Party, or its properties or assets.
- (c) Status: Each Credit Party is a corporation duly incorporated and organized and is validly subsisting under the laws of [the Province of Ontario or the federal laws of Canada, as the case may be](#).
- (d) Agreement Binding: This Agreement constitutes a legal, valid and binding obligation of each Credit Party enforceable against each Credit Party in accordance with its terms, subject to applicable laws relating to bankruptcy, insolvency and other similar laws affecting creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.
- (e) Litigation: Except as disclosed in Schedule "8", there are no actions, suits or proceedings pending or, to the knowledge of any Credit Party, threatened, at law or in equity or before any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator or mediator of any kind, which if finally determined adversely to any Credit Party would be expected to result in a Material Adverse Effect and, to the best knowledge of each Credit Party, no Credit Party is in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court, arbitrator or mediator or federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.
- (f) Information Provided: All information, data and reports (financial or otherwise) furnished by or on behalf of each Credit Party to induce the Lender to enter into this Agreement were true, accurate and complete in all material respects at the time that they were furnished to the Lender and continue to be true in all material respects as of the date hereof.
- (g) Disclosure: None of the representations and warranties made herein and no document furnished by or on behalf of any Credit Party to the Lender in connection with the transactions contemplated

herein contain any untrue statement of a material fact or omit to state any material fact necessary to make any such statement or representation not misleading to the Lender and there are no facts directly relating to any Credit Party not disclosed herein or otherwise disclosed in writing to the Lender which, if known to the Lender, might reasonably be expected to deter the Lender from completing the transactions contemplated in this Agreement.

- (h) No Assignment: As of the Closing Date, other than for the Permitted Encumbrances and as otherwise permitted hereby, there has been no assignment, sale, transfer, conveyance, mortgage, charge, pledge or hypothecation, absolute or contingent, direct or indirect, of the whole or any part of any Credit Party's right, title and interest in any of its properties or assets.
- (i) Consent: The entering into of this Agreement and all documents referred to herein or contemplated hereby do not require any consent, approval or authorization of any other Person, other than Required Consents.
- (j) Maintain Insurance: Each Credit Party maintains the insurance required herewith in full force and effect.
- (k) Financial Statements: The Financial Statements which have been furnished to the Lender pursuant to this Agreement, present fairly the financial condition of Aleafia Health, on a consolidated basis, and have been prepared in accordance with IFRS consistently applied and there has been no material adverse change in the financial condition of Aleafia Health, on a consolidated basis, since the date of such statements. Aleafia Health, on a consolidated basis, does not have any liability (contingent or otherwise) or other obligations for the payment of money of the type required to be disclosed in accordance with IFRS which is not disclosed on the Financial Statements.
- (l) Corporate Authorization: This Agreement including the borrowing of monies hereunder and the other obligations of each Credit Party hereunder have been duly authorized, executed and delivered by each Credit Party.
- (m) Good Standing of the Permitted Encumbrances: Each of the Permitted Encumbrances is in good standing, has been complied with and there are no continuing or pending defaults or events which with the passage of time would become a default or event of default by any Credit Party thereunder.
- (n) Ownership: Each Credit Party owns and has all right, title and interest in and to all of its owned assets, machinery and equipment, including, but not limited to, the Real Property and the Equipment, and has the authority to grant security therein to the Lender free of all security interests, mortgages, liens, claims, charges or other encumbrances in favour of any other person other than the Permitted Encumbrances.
- (o) Statutory Claims, etc.: Any and all rents payable, periodic payments owing to prior secured creditors (if any) and any and all statutory priority claims (including, without limitation, goods and service tax, harmonized sales tax, provincial retail sales tax, workers' compensation remittances, employee source deductions payable to Canada Revenue Agency (i.e., income tax, pension plan contributions, and employment insurance premiums, etc.) have been paid in full and/or set aside for remittance when due (as the case may be) as of the date hereof.
- (p) Tax Status: Each Credit Party has filed all tax returns which are required to be filed by it, and has paid when required by Applicable Law all taxes (if any) which have become due as shown on such returns or on any assessment received by it except taxes that are being contested in good faith by appropriate proceedings and for which such Credit Party has set aside on its books adequate reserves; the income tax liability of each Credit Party has been assessed for all financial years to and including the financial year included in the Financial Statements delivered to the Lender; and there is no material outstanding matter of dispute or difference between any Credit Party and any federal, provincial, state, territorial or municipal taxing authority, agency or department.

- (q) Subsidiaries, etc.: Schedule “3” annexed hereto (with such amendments thereto as are delivered by any Credit Party to the Lender subsequent to the date of this Agreement to reflect events occurring subsequent to the date of this Agreement) contains a complete and accurate list of all Subsidiaries of Aleafia Health incorporated or formed in North America, and sets out each such Subsidiary’s jurisdiction of incorporation or formation and the address of its chief executive office and its principal place of business, the jurisdictions in which it holds any material property or carries on any business, the number and classes of its issued and outstanding shares and the registered and beneficial holders of all such shares. Except as set out in Schedule “3” (as the same may be amended as aforesaid), there are no outstanding warrants, options, contracts or commitments of any kind entitling any Person to purchase or otherwise acquire from any of any such Subsidiary of Aleafia Health any shares in the capital of or other equity interests in such Subsidiary, nor are there outstanding any securities which are convertible into or exchangeable for any shares in the capital of or other equity interests in any such Subsidiary of Aleafia Health.
- (r) Permits: Each Credit Party holds in good standing all permits, licences, approvals, franchises, rights-of-way, easements and entitlements (collectively, “**Permits**”) which it requires, or is required by Applicable Law, to hold, own, lease, license or use the property included in the business carried on by it and to carry on such business, including, but not limited to:
- (i) Health Canada Licence LIC-0CNIN0V9QK-2019 for standard cultivation, standard processing and sale for medical purposes, including the Licence Amendment, if approved;
 - (ii) Health Canada Licence LIC-28X6T94W2Y-2021 for research;
 - (iii) Health Canada Licence LIC-GYAJNCME6L-2020 for standard cultivation;
 - (iv) Health Canada Licence LIC-VTQAQTTMOL-2020 for standard cultivation; and
 - (v) Health Canada Licence LIC-CTHF6SVA0C-2021 for standard processing and sale for medical purposes (collectively, the “**Health Canada Licences**”);

except for such Permits the absence of which do not affect them or their rights to carry on business in such jurisdiction and, have not had, and which do not have a reasonable possibility of having, a Material Adverse Effect.

- (s) Environmental Matters: Each Credit Party specifically represents and warrants that the business carried on and the properties owned or used at any time by it and its Subsidiaries and its corporate predecessors (including the lands owned or occupied by any of them and the waters on or under the lands) have at all times been carried on, owned, possessed or used in material compliance with all Environmental Laws; none of the Credit Parties or their respective Subsidiaries has been given notice of any proceedings alleging the violation of any Environmental Law, or any proceeding to evaluate whether remedial action is needed as a result of the Release of or presence of any Hazardous Substance on any lands owned or occupied by any of them; to the knowledge of each Credit Party, after due inquiry, there are no circumstances that could reasonably be expected to give rise to any civil or criminal proceedings or liability regarding the Release of or presence of any Hazardous Substance on any lands used in, possessed, or related to the business or property of any of the Credit Parties or their respective Subsidiaries or on any lands on which any of them have disposed or arranged for the disposal of any materials arising from the business carried on by them, or regarding the violation of any Environmental Law by any of the Credit Parties or their respective Subsidiaries or by any other Person for which any of them is responsible; all Hazardous Substances possessed, disposed of, treated or stored on lands owned, possessed or occupied by any of the Credit Parties or their respective Subsidiaries have been possessed, disposed of, treated and stored in material compliance with all Environmental Laws; to the knowledge of each Credit Party, after due inquiry, there are no proceedings and there are no circumstances or facts which could give rise to any proceeding in which it is or could be alleged that any of the Borrower, the Guarantors or their

respective Subsidiaries is responsible for any domestic or foreign clean up or remediation of lands contaminated by Hazardous Substances or for any other remedial or corrective action under any Environmental Laws; each Credit Party and its Subsidiaries have maintained all environmental and operating documents and records relating to its business and property in the manner and for the time periods required by any Environmental Laws and none of the lands have been subjected to an environmental audit and none of the Credit Parties is aware of any pending or proposed changes to any Environmental Laws which would render illegal or materially adversely affect its business, properties or opportunities or the business, properties or opportunities of its Subsidiaries.

ARTICLE 5 **COVENANTS**

5.1 Affirmative Covenants:

Each Credit Party covenant and agree with the Lender, as follows:

- (a) **Perform Obligations:** Each Credit Party shall fully observe and perform its obligations under the Loan Documents, including, without limitation, duly and punctually paying all amounts payable by it.
- (b) **Corporate Existence:** Each Credit Party shall at all times maintain in good standing its corporate existence under the laws of its jurisdiction of incorporation and qualify and remain duly qualified to do business and own property in each jurisdiction in which such qualification is necessary in order to carry on its business and operations.
- (c) **Compliance with Law:** Each Credit Party shall comply, in all material respects, with all Applicable Laws.
- (d) **Health Canada Licence Amendment:** If the approval of change application CHG-4J0BJKCH7W in respect of Health Canada Licence LIC-0CNIN0V9QK-2019 (the “**Licence Amendment**”) is obtained, Borrower shall promptly deliver evidence of same to the Lender.
- (e) **Control Systems:** The Borrower shall establish and maintain accounting systems and such internal controls in respect of its business (including without limitation, inventory and cash management systems) acceptable to the Lender, acting reasonably, and shall utilize the service of a payroll processing and servicing company approved in writing by the Lender. On or before the Advance Date, the Borrower shall provide the Lender with the name, address and other particulars of such payroll service.
- (f) **Financial Statements and Reports:** Each Credit Party shall deliver or cause to be delivered to the Lender:
 - (i) not less than weekly or otherwise as requested by the Lender and on a date determined by the Lender, a borrowing base calculation on the Lender’s prescribed form;
 - (ii) as soon as practicable and in any event not later than the 30th day following each month end, management prepared interim unaudited consolidated financial statements and unconsolidated financial statements for Aleafia Health, including in each case a balance sheet, statement of profit and loss and a statement of changes in financial position, together with comparative figures for the corresponding period in the previous fiscal year;
 - (iii) as soon as practicable and in any event not later than the 30th day following each month end, aged accounts receivable and payable listing coinciding with the calculation of the Lending Margin for the prior month;

- (iv) on or by the 15th day of each and every month, proof of payment of all Priority Payables. In addition to the foregoing, proof of payment for all Priority Payables shall be provided within 15 days of the due date of any such payments;
- (v) within 120 days following the end of each fiscal year, audited consolidated financial statements for Aleafia Health for such fiscal year without qualification by an independent qualified accounting firm, which shall provide comparisons to the prior fiscal year, together with any management letter that may be issued;
- (vi) subject to Section 2.6, annual appraisals of the Real Property and the Equipment completed by a third party appraiser satisfactory to the Lender in its sole discretion;
- (vii) semi-annual field exams;
- (viii) from time to time all such further and other reports and information concerning each Credit Party as the Lender may reasonably request.

All such reports shall be in such form and shall contain such detail as the Lender may reasonably request.

- (g) Compliance with Agreement: Each Credit Party shall carry out all of its obligations under this Agreement, the Security Documents, and any other agreements entered into by it with the Lender, made by it in favour of the Lender or assigned by it to the Lender.
- (h) Material Adverse Change: Each Credit Party will provide the Lender with prompt written notice and all records, statements or other evidence of any material adverse change in its financial condition and of any matter, act or thing materially adversely affecting its property or assets (including, but not limited to, the Real Property and the Equipment), its interest therein or of any material loss, destruction, damage of or to any property referred to in or charged by any of the Security Documents (including, but not limited to, the suspension, revocation or termination of any of the Health Canada Licences).
- (i) Real Property and Equipment Appraisal: Biannually on dates to be determined by the Lender and the Borrower, each acting reasonably, the Borrower shall permit Lender and all other Persons designated by the Lender to inspect, review, verify, evaluate and make physical verifications and appraisals of the Real Property and the Equipment in any manner and through any medium that Lender considers advisable, acting reasonably, and the Borrower agrees to render to the Lender, at the Borrower's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto.
- (j) Inspection: Each Credit Party shall permit the Lender and all other Persons designated by the Lender to visit and inspect its properties and assets during normal business hours (provided that prior to an Event of Default, the Lender shall provide at least forty-eight (48) hours prior notice) and to examine and make copies of all books and records relating to its properties and assets and shall ensure that the Lender and each such Person has free and unrestricted access to its property and assets and every part thereof and to such books and records, and that the Lender and each such Person will be provided with such information and data relating to its properties and assets as the Lender or such Person may reasonably request.
- (k) Further Assurances: At any and all times each Credit Party will do, execute, acknowledge and deliver all such further acts, deeds, conveyances, mortgages, transfers and assurances as the Lender shall require for the purpose of giving, clarifying, perfecting and dealing with conflicting claims thereto, the validity, legality or enforceability of the mortgages, hypothecs, charges or security of the nature herein specified upon all property intended to be secured by the Security Documents and

for the better assuring, conveying, mortgaging, hypothecating, assigning, confirming, pledging, charging and transferring unto the Lender all the hereditaments and premises, estates and property mortgaged, hypothecated, pledged and charged under the Security Documents, or transferred, or intended to be or which any Credit Party may hereafter become bound to mortgage, hypothecate, pledge or charge or transfer in favour of the Lender and all choses in action and other intangibles to be secured in favour of the Lender hereunder.

- (l) Permitted Encumbrances: Each Credit Party will keep and maintain each of the Permitted Encumbrances in good standing and will comply with the terms thereof and will forthwith notify the Lender in writing describing in reasonable detail any defaults thereunder.
- (m) Condition of Properties: Each Credit Party will keep or cause to be kept all of its properties and assets, including, but not limited to, the Equipment, in good mechanical condition, repair and appearance subject to normal wear and tear.
- (n) Statutory Claims, etc.: Each Credit Party shall remit and pay when due, all statutory liens, trust and other Crown claims, any and all rents payable, periodic payments owing to prior secured creditors (if any) and any and all statutory priority claims (including without limitation, employee claims, goods and service tax, harmonized sales tax, provincial retail sales tax, workers' compensation remittances, employee source deductions payable to Canada Revenue Agency (i.e., income tax, pension plan contributions, employment insurance premiums, etc.) when due and payable and shall provide the Lender with proof of such payment and remittance, satisfactory to the Lender, within 15 days of the due date thereof, such proof to include, where applicable, copies of correspondence to and from Canada Revenue Agency together with cheque stubs and cancelled cheques (once received). Each Credit Party consents to the Lender contacting any Persons, including governmental agencies, necessary to confirm payment of same and agrees to sign any such further instruments, documents and take such further action as may be required to give effect to such consent.
- (o) Payment of Obligations: Each Credit Party shall pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its debts and liabilities, except (i) when the amount or validity thereof is being contested and adequate reserves with respect thereto are maintained by the applicable Credit Party in accordance with IFRS or (ii) as otherwise agreed with the applicable party to which such debts and liabilities are due.
- (p) Maintenance of Existence and Conduct of Business: Each Credit Party shall preserve and keep in full force and effect its corporate existence (subject only to Section 5.2(j)); make all governmental and regulatory filings promptly; engage primarily in business of the same nature as now carried on by it; carry on and conduct its business in a proper, efficient and businesslike manner, in accordance with past practice and good business practises; take all reasonable action to obtain and maintain in full force and effect all rights, privileges, franchises and permits necessary or desirable in the conduct of its business, including, but not limited to, the Permits and the Health Canada Licences; and comply with all Contractual Obligations and Applicable Law except to the extent that the failure to comply therewith would not, in the aggregate, cause or reasonably be expected to result in a Material Adverse Effect.
- (q) Notice: Each Credit Party shall give written notice of each of the following events to the Lender promptly upon becoming aware of any such event:
 - (i) any Default or Event of Default;
 - (ii) any default or event of default under any Contractual Obligation having a value of \$200,000 or greater, or any litigation, investigation or proceeding which may exist at any time involving any Credit Party and any Person, including, but not limited to, any governmental authority;

- (iii) any litigation or proceeding affecting it or any of its Subsidiaries in which the portion of the alleged damages not fully covered by insurance is more than \$500,000 (or an equivalent amount in any other currencies) or in which any injunctive or similar relief is sought;
 - (iv) any event which has caused, or which would be reasonably expected to cause, a Material Adverse Effect; and
 - (v) any revocation of any Health Canada Licence.
- (r) **Proposal:** Each Credit Party shall provide the Lender with at least ten (10) Business Days prior written notice of any proposal or of any Notice of Intention to Make a Proposal to Creditors or of any intention to make a filing under the *Companies' Creditors Arrangement Act* or similar legislation for effecting a compromise of claims of creditors or under any legislation which provides for a stay of proceedings by creditors.
 - (s) **Insurance:** Each Credit Party shall obtain and maintain insurance with an insurance company of recognized financial responsibility containing such terms, in such amounts and with such deductible on a basis consistent with reasonably prudent persons in comparable business and acceptable to the Lender, and designate the Lender as first mortgagee, first loss payee in respect of such policies, and containing an approved mortgagee endorsement by the Insurance Bureau of Canada, all as described in Article 3 and Article 7 of this Agreement.
 - (t) **Payroll Service:** The Borrower agrees at all times to utilize a well known payroll service satisfactory to the Lender to remit all payroll related payments including source deductions.
 - (u) **Bank Accounts:** If Aleafia or any of its Subsidiaries opens a bank account other than the Blocked Account and the Other Bank Accounts, the Borrower shall notify the Lender of same and shall ensure that the cash management arrangements, including unfettered online read-only access, are at all time in place satisfactory to the Lender.
 - (v) **Blocked Account:** Immediately following the first Revolving Facility Advance, each Borrowing Base Party shall deposit all sales receipts, accounts receivable receipts and all proceeds therefrom, in each case arising from Eligible Accounts, into the Blocked Account, which shall be swept daily against the Revolving Facility and the balance, if any, shall be remitted by the Lender to the applicable Borrowing Base Party on a daily basis.
 - (w) **Other Bank Accounts:** Aleafia Health and each of its Subsidiaries shall provide the Lender with unfettered online read-only access to all of the Other Bank Accounts and shall deposit all sales receipts, accounts receivable receipts and all proceeds from all other sources (if not required to be deposited into the Blocked Account) into the Other Bank Accounts.
 - (x) **Current Ratio:** Aleafia Health will maintain a Current Ratio of not less \$15,000,000.
 - (y) **Payment of Existing Indebtedness:** Unless otherwise permitted by the Lender in writing, the Term Facility Advance shall be used in part to repay indebtedness outstanding under the Existing Credit Agreement in the principal amount of \$5,000,000 plus accrued interest and fees to the date of such payment on or prior to January 7, 2022. For greater certainty, no payment of interest accruing on the principal amount of \$5,000,000 to be repaid in accordance with the previous sentence shall be made to the Existing Lender following January 7, 2022.

5.2 **Negative Covenants:**

Each Credit Party covenant and agree with the Lender, that:

- (a) **Further Mortgaging:** Except for advances secured by the Permitted Encumbrances, no Credit Party will place or secure any debt in addition to the Loan against any of its properties or assets, nor will

it create, assume or permit to exist any mortgage, charge, hypothec, pledge, lien or other encumbrance or security interest with respect to any of its properties or assets, without the prior written consent of the Lender. For greater certainty, none of the Credit Parties will grant any security in connection with any loan under the *Canada Small Business Financing Act*, without the prior written consent of the Lender.

- (b) Transfer: Other than (a) inventory sold in the ordinary course of business, (b) sales of worn-out, scrap or obsolete material or equipment which are not material in the aggregate, provided all proceeds are used to purchase replacements for such material or equipment or received and held in trust on behalf of and for the benefit of the Lender, or (c) transactions among Credit Parties, no Credit Party shall dispose of or transfer by way of sale, conveyance, assignment, mortgage, charge, security interest or otherwise or relocate, its undertaking, properties or assets or any part thereof or any of its interest therein or any part thereof, without the prior written consent of the Lender.
- (c) Purchase of Assets/Shares Restricted: For as long as there is any indebtedness of the Borrower owing to the Lender, other than as may be permitted in this Agreement or unless the prior written consent of the Lender is obtained, no Credit Party shall purchase any assets from or shares of any Person.
- (d) Making of Loans and Investments Restricted: No Credit Party shall make any Investment, other than:
 - (i) Investments existing as at the Closing Date;
 - (ii) Investments in cash equivalents held by a Credit Party;
 - (iii) Investments in any other Credit Party; or
 - (iv) Investments with the prior written consent of the Lender.
- (e) Payments to Non-Arm's Length Persons: No Credit Party shall engage in any transactions with any of its Affiliates, Subsidiary, parent corporation or any shareholder of any of them, or other non-arm's length Person, except:
 - (i) in the ordinary course of business at prices and on terms and conditions not less favourable to such Credit Party than could be obtained on an arm's-length basis from unrelated third parties;
 - (ii) transactions between or among Credit Parties;
 - (iii) any indebtedness, Investment or Restricted Payment permitted hereunder; or
 - (iv) with the prior written consent of the Lender.
- (f) Further Indebtedness: No Credit Party shall incur any indebtedness, except:
 - (i) indebtedness under a Loan Document;
 - (ii) trade debt in the ordinary course of business which, for greater certainty, excludes indebtedness for borrowed money;
 - (iii) indebtedness pursuant to an Investment permitted under this Agreement;
 - (iv) any guarantee by a Credit Party of indebtedness of any other Credit Party if such indebtedness is permitted under this Agreement;

- (v) indebtedness under a capital lease or secured by a purchase money security interest to a vendor or another lender in connection with the purchase of any property or assets by any Credit Party existing as of the date of this Agreement;
 - (vi) indebtedness under a capital lease or secured by a purchase money security interest to a vendor or another lender in connection with the purchase of any property or assets by any Credit Party after the date of this Agreement, provided that no individual capital lease or purchase money security interest shall exceed a principal amount of \$100,000 and the aggregate principal amount of indebtedness permitted by this subsection shall not exceed \$300,000 at any time;
 - (vii) Subordinated Indebtedness;
 - (viii) indebtedness (including guarantees) arising pursuant to the Existing Credit Agreement;
 - (ix) other indebtedness with the prior written consent of the Lender; or
 - (x) any extension, renewal or replacement of any of the foregoing indebtedness.
- (g) No Guarantees: No Credit Party shall guarantee the obligations of any Person, other than:
- (i) any guarantee by a Credit Party of indebtedness of any other Credit Party if such indebtedness is permitted under this Agreement;
 - (ii) any guarantee by a Credit Party of indebtedness of the Borrower under the Existing Credit Agreement; or
 - (iii) to the Lender.
- (h) No Change in Name: No Credit Party (other than Aleafia Health) shall change its name without the prior written consent of the Lender which consent will not be unreasonably withheld. Aleafia Health shall not change its name without providing thirty (30) days' prior written notice to the Lender.
- (i) Subsidiaries: No Credit Party (other than Aleafia Health) shall cease to be a wholly-owned Subsidiary of Aleafia Health.
- (j) Amalgamations, etc.: No Credit Party shall enter into any transaction of amalgamation or consolidation or merger, or liquidate, wind-up or dissolve itself (or suffer any liquidation, winding-up or dissolution or any proceedings therefor) or continue itself under the laws of any other statute or jurisdiction, except:
- (i) that any Credit Party may merge into, amalgamate or consolidate with any other Credit Party on thirty (30) days' prior written notice to the Lender; or
 - (ii) with the prior written consent of the Lender.
- (k) Restricted Payments: No Credit Party shall make any Restricted Payment, except that:
- (i) Aleafia Health may make a Restricted Payment solely by way of, or funded entirety by the issuance of, its own Equity Securities;
 - (ii) a Credit Party may make a Restricted Payment to another Credit Party;

- (iii) a Credit Party may make any payments on Subordinated Indebtedness, provided that no Credit Party may use the proceeds of any Advance to make such payment;
 - (iv) Aleafia Health may repay indebtedness outstanding under the Existing Credit Agreement in the ~~the~~ principal amount of \$5,000,000 plus accrued interest and fees to the date of such payment on or prior to January 7, 2022. For greater certainty, no payment of interest accruing on the principal amount of \$5,000,000 to be repaid in accordance with the previous sentence shall be made to the Existing Lender following January 7, 2022;
 - (v) six months following the first Advance Date, Aleafia Health may make regularly scheduled cash payments of interest under the Existing Credit Agreement in accordance with the terms and conditions set out in the subordination, postponement and standstill agreement with the Existing Lender;
 - (vi) a Credit Party may purchase, redeem, retire or acquire any of its Equity Securities or any warrants, options or similar rights with respect to its Equity Securities from a Credit Party;
 - (vii) any Credit Party may make payments pursuant to and in accordance with stock option plans, profit sharing plans or other benefit plans in existence and unamended as of the date hereof for its management or employees;
 - (viii) any Credit Party may pay reasonable and customary fees and expenses to independent directors that are not employees of a Credit Party; or
 - (ix) a Credit Party may pay any other Restricted Payment with the prior written consent of the Lender
- (l) Amendments: No Credit Party shall amend any of its constating documents or by-laws in a manner that would be prejudicial to the interest of the Lender hereunder and will promptly provide the Lender with a copy of any such amendment.
 - (m) Proposal: No Credit Party shall include in any proposal to creditors a proposal to the Lender; provided that if any Credit Party includes the Lender in any such proposal to creditors, through inadvertence or otherwise, each Credit Party hereby consent to an order for a declaration that the stay of proceedings provision of the *Bankruptcy and Insolvency Act* (Canada) no longer operates in respect of the Lender and terminating any such stay against the Lender.

ARTICLE 6

EVENTS OF DEFAULT

6.1 Events of Default:

Without in any way derogating from the rights of the Lender hereunder (including, without limitation, the Lender's right, in its sole unfettered discretion, to demand), each of the following events shall constitute an event of default (an "**Event of Default**") under this Agreement:

- (a) if any Credit Party fails to pay any amount of principal, interest, fee or other amount when due and payable under this Agreement or any other Loan Document;
- (b) if any of the representations or warranties given by any Credit Party in this Agreement or any other Loan Document is or shall become untrue;
- (c) if any Credit Party defaults in the observance or performance of any covenant or condition in this Agreement or any other Loan Document (for greater certainty, any failure by any Credit Party to

pay any of its debts and liabilities to any Person (other than the Lender) and/or to comply with its Contractual Obligations with any Person (other than the Lender) shall not give rise to an Event of Default hereunder until after giving effect to any applicable grace or cure period with respect to such debts and liabilities and/or such Contractual Obligations);

- (d) if an order is made or a resolution is passed for the winding-up, dissolution or the liquidation of any Credit Party, or if any process is filed or other processes taken for the winding-up, dissolution, bankruptcy, compromise or consolidation of debt or liquidation of any Credit Party;
- (e) if any Credit Party ceases to carry on its business, sells all or substantially all of its assets, commits any act of bankruptcy, becomes insolvent or goes into liquidation, makes a compromise or general assignment for the benefit of its creditors;
- (f) if any Credit Party commits an act of bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or institutes proceedings for its winding up, liquidation or dissolution, or takes action to become a voluntary bankrupt, or consents to the filing of a bankruptcy proceeding against it, or files a petition or other proceeding seeking reorganization, readjustment, arrangement, composition or similar relief under any law or consent to the filing of any such petition or other proceeding, or consents to the appointment of a monitor, receiver, liquidator, trustee or assignee in bankruptcy or insolvency of the whole or any material part of its property, or makes an assignment for the benefit of creditors, or publicly announces or admits in writing its inability to pay its debts generally as they become due, or suspends or threatens to suspend transaction of all or any substantial part of its usual business, or any action is taken by any Credit Party in furtherance of any of the foregoing;
- (g) if proceedings are instituted in any court of competent jurisdiction by any Person other than any Credit Party or any Subsidiary, parent or a shareholder or affiliate of any Credit Party, or for the winding up, liquidation or dissolution of any Credit Party or any Subsidiary, or for any reorganization, readjustment, arrangement, composition or similar relief with respect to any Credit Party or any Subsidiary under any bankruptcy law or any other applicable insolvency law, or for the appointment of a receiver, liquidator, trustee or assignee in bankruptcy or insolvency of the whole or any material part of the property of any Credit Party or any Subsidiary, and at any time thereafter such proceeding is not contested by such Credit Party or any such Subsidiary, or if any order sought in any such proceeding is granted and at any time thereafter such order is not either dismissed or effectively contested by any Credit Party, parent, Affiliate or any Subsidiary and the effect thereof stayed;
- (h) if any execution, sequestration, extent or other process of any court becomes enforceable against any Credit Party or if any distress or analogous process is levied upon all of its properties or assets, or any material part thereof, as determined by the Lender, or if any encumbrancer takes possession of all of its properties or assets or any material part thereof, as determined by the Lender;
- (i) if any government, government agency, statutory claimant, creditor or any other party exercises any remedy against any properties or assets of any Credit Party;
- (j) if any Credit Party fails to keep current all Priority Payables or fails to provide evidence thereof satisfactory to the Lender within five (5) Business Days of the due date thereof;
- (k) if any Credit Party shall permit any sum in excess of \$500,000 which has been admitted as due by such Credit Party is not disputed to be due by it and which forms or is capable of being made a charge upon any of its properties or assets to remain unpaid for five (5) Business Days after proceedings have been taken to enforce same;
- (l) if there exists for any period of three (3) consecutive Business Days one or more judgements of a court of competent jurisdiction against any Credit Party for an aggregate amount exceeding \$500,000 (or the equivalent amount in any other currency or currencies) which shall not have been satisfied in full (exclusive of any amount adequately covered by insurance as to which the insurer has acknowledged coverage);

- (m) if there shall occur any event which has a Material Adverse Effect;
- (n) if there is a Change of Control; or
- (o) if the Lender in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the all or any indebtedness, liabilities and other obligations of any Credit Party to the Lender hereunder or under any other Loan Document, whether actual or contingent, direct or indirect, matured or not, now existing or arising hereafter is or is about to be materially impaired or that the Lender's security over the assets of any Credit Party is or is about to be placed in jeopardy.

6.2 Remedies:

Upon the occurrence of an Event of Default, in addition to the rights and remedies given it by this Agreement, and the Security Documents and all those allowed by all Applicable Laws, the Lender may, at its sole option, declare the Loan, interest and any other sums due, owing or payable hereunder to be immediately due and payable, all without presentment, demand, protest, notice of dishonour or any other demand or notice whatsoever, all of which are expressly hereby waived by each Credit Party. Thereafter, the Lender may take all such steps and exercise all such remedies as may be permitted hereunder or in the Security Documents or by law or equity as it may deem necessary to protect and enforce its rights hereunder and to enforce and realize upon the Security Documents and any other security held by the Lender. In doing so, the Lender shall not be required to marshal its security in favour of payment of any other debt and shall be at liberty to realize its security without letters of any kind so long as it shall act reasonably save and except for such period of notice as may be reasonably necessary under the common law principle that a demand must be reasonable and a reasonable time given to meet it.

6.3 Remedies Cumulative:

The rights and remedies of the Lender under this Agreement are cumulative and are in addition to and not in substitution for any rights or remedies provided by law; and any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement herein contained shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies, to which the Lender may be lawfully entitled for the same default or breach and any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement herein contained, and any indulgence granted by the Lender shall be of no effect unless given in writing and then shall only be effective for the specific instance given and shall not be deemed to be a waiver of any subsequent default. The Lender may exercise all rights and remedies constituted by, or provided for in, the Security Documents granted to the Lender pursuant to or incidental to this Agreement. The Lender may, to the extent permitted by Applicable Law, bring suit at law, in equity or otherwise, for any available relief or purpose including but not limited to:

- (a) the specific performance of or declaratory relief with respect to any covenant or agreement contained in this Agreement the Security Documents or in any document given pursuant to or incidental to any of them;
- (b) an injunction against a violation of any of the terms thereof;
- (c) any action in aid of the exercise of any power granted hereby or by law; or
- (d) the recovery of judgment for any and all amounts due hereunder or under the Security Documents.

ARTICLE 7 INSURANCE

7.1 Covenant to Insure:

Each Credit Party covenants and agrees that it will, with an insurer and in amounts acceptable to the Lender, acting reasonably, insure, keep insured or cause to be insured and kept insured against all risks and perils save for those

exclusions specifically approved by the Lender in writing, all insurable property forming part of the collateral under the Security Documents, including but not limited to the Real Property, the Equipment and inventory (crops), other than with respect to the Port Perry location. In addition, each Credit Party shall maintain, as applicable, equipment breakdown (boiler and machinery) and spoilage, business interruption and product recall, cargo and third party liability insurance with insurers acceptable to the Lender and in such amounts as the Lender requires. Prior to advance of the Loan, each Credit Party shall provide to the Lender copies of all such insurance policies and deliver to it certificates of insurance showing the Lender and its assigns as additional insureds, first mortgagees and first loss payees (as applicable) and containing a clause requiring the insurer to give to the Lender at least 30 days prior written notice of any alteration in the terms of such policies or of the cancellation thereof and containing a standard mortgage endorsement approved by the Insurance Bureau of Canada. The Lender may in its sole discretion, at the Borrower's expense, retain an insurance consultant to review the insurance coverage to ensure that it meets the Lender's requirements.

7.2 Covenant to Pay Premiums:

Each Credit Party shall duly and punctually pay or cause to be paid all premiums and other sums of money payable for maintaining all insurance required to be maintained and effected under Section 7.1 hereof. In the event of failure on the part of any Credit Party to maintain or cause to be maintained any insurance required by Section 7.1 hereof, the Lender may, but shall not be obliged to, effect such insurance and the Borrower covenant to repay to the Lender all of the premiums paid by the Lender and such amounts shall be added to the Loan Amount and shall be secured by the Security Documents. Each Credit Party shall deliver to the Lender forthwith upon written request by the Lender and at least 60 days prior to the due date, evidence of payment of all premiums and other sums of money payable for keeping and maintaining the insurance referred to in Section 7.1 hereof and shall deposit with the Lender copies of all such policies, signed by the insurer, setting forth the terms of insurance which are required to be maintained hereunder.

7.3 Application of Insurance Proceeds:

All proceeds from the insurance referred to in Section 7.1 hereof shall be paid to the Lender by the insurer and shall be applied by the Lender in payment (or partial payment if proceeds are insufficient to fully repay the Loan Amount) of the Loan Amount. Each Credit Party shall, for such purposes, do, sign, execute and endorse all transfers, assignments, cheques, loss claims, proofs of claim, receipts, writings and things necessary and hereby irrevocably appoints the Lender its attorney to do, sign, execute and endorse as aforesaid should such Credit Party fail to do so when requested by the Lender. Each Credit Party hereby specifically authorize and direct the Insurers to effect payment directly to the Lender as required under this section and further directs that no negotiable instrument of other form of payment shall name any Credit Party. The Lender shall have full and ample authority to adjust and compromise any claim without the concurrence of any Credit Party.

ARTICLE 8 COMPENSATION, SET-OFF AND INDEMNITY

8.1 Compensation and Set-Off:

In addition to and not in limitation of any rights now or hereafter granted under Applicable Law, if an Event of Default occurs, the Lender is authorized at any time and from time to time to the fullest extent permitted by law without notice to any Credit Party or to any other Person, any notice being expressly waived by each Credit Party, to set off and compensate and to apply any and all indebtedness at any time owing by the Lender to or for the credit of or the account of the Borrower against and on account of the obligations and liabilities of the Borrower due and payable to the Lender under this Agreement including, without limitation, all claims of any nature or description arising out of or connected with this Agreement, irrespective of whether or not the Lender has made any demand under this Agreement. Without any obligation or liability on its part, the Lender will attempt in good faith to advise the Borrower of the Lender's exercise of any of its rights under this Section 8.1 but in no event shall failure to do so affect the legality, validity or existence of the exercise of such offset.

8.2 Indemnification:

Each Credit Party does hereby agree that it will indemnify and hold harmless and pay promptly to the Lender the amount of any Damages arising from or in connection with:

- (a) Breach of Representations or Warranties: Any breach of any representation or warranty in any Loan Document without giving effect to any supplementary disclosures made after the Advance Date unless the subsequent disclosure is one made in compliance with the terms and conditions of this Agreement with respect to ongoing disclosure;
- (b) Breach of Covenants: Any breach by any Credit Party in the performance of its covenants or obligations in any Loan Document;
- (c) Environmental, Health and Safety Liabilities: Without restricting the generality of the foregoing and the Loan Documents, or any part of any of them, any breach by any Credit Party of Environmental Laws of any jurisdiction including any Environmental Health and Safety Liabilities arising out of or relating to: (i) the ownership, operation or condition of its assets, machinery, equipment, including, but not limited to, the Real Property or the Equipment, at any time; (ii) any Hazardous Materials or other contaminants present on the lands and premises occupied by any Credit Party at any time; (iii) any leakage or Release of Hazardous Materials howsoever caused and wherever occurring; or (iv) Hazardous Material emanating from or carried by or released by any Credit Party;
- (d) Expressly Included Liabilities: Without restricting the generality of the foregoing, any liability, obligation, contract or commitment (whether known or unknown and whether absolute, accrued, contingent or otherwise) to the Lender which may be implied by the facts or events which give rise to them, or arise under Applicable Law or otherwise, which, if borne by the Lender, would result in the non-recovery of the Loan Amount determined as if such facts or events had not occurred.

ARTICLE 9 GENERAL PROVISIONS

9.1 Notices:

Any notice, demand, request, consent, waiver, agreement or approval which may or is required to be given pursuant to this Agreement and each other Loan Document shall be in writing and shall be sufficiently given or made if served personally upon the party for whom it is intended, or transmitted by facsimile, or (except in the case of an actual or pending disruption of postal service) mailed by registered mail, and in the case of:

- (a) the Lender, addressed to it at:

NE SPC II LP

c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, Ontario M5C 2V6

Attention:
Facsimile No:
- (b) each Credit Party addressed to it at:

ALEAFIA HEALTH INC.
85 Basaltic Road
Concord, Ontario L4K 1G4

Attention: Matthew Sale
E-mail: legalnotices@aleafiahealth.com

Each party may, from time to time, change its address or stipulate another address from the address described above in the manner provided in this section. The date of receipt of any such notice, demand, request, consent, agreement or approval, if served personally, shall be deemed to be the date of delivery thereof, if transmitted by facsimile, the date of receipt shall be deemed to be the first Business Day after transmission, or if mailed as aforesaid, the date of receipt shall be deemed to be the fourth Business Day following the date of mailing. For the purposes hereof, personal service on each Credit Party shall be effectually made by delivery to an officer, director or employee of the Borrower at its address set out above. If on the date of mailing or on or before the fourth Business Day thereafter, there is a general interruption in the operation of postal service in Canada which does or is likely to delay delivery by mail, to the extent possible the communications aforesaid shall be served personally or by facsimile transmission. Unless the Lender otherwise prescribes, notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient (the "**Transmission Date**"). Notwithstanding the foregoing, in the event the sender has not received an acknowledgement from the intended recipient by the end of business on the Transmission Date, an acknowledgement from the intended recipient shall be deemed received by the sender on the Transmission Date.

9.2 Waiver:

No consent or waiver, express or implied, by the Lender to or of any breach or default by any Credit Party in performance of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance by it of its obligations hereunder. Failure on the part of the Lender to complain of any act or failure to act of any Credit Party or to declare any Credit Party in default, irrespective of how long such failure continues, shall not constitute a waiver by the Lender of its rights hereunder in such instance or in any subsequent instance.

9.3 Amendments:

This Agreement may not be modified or amended except with the written consent of the Lender and the Borrower.

9.4 Entire Agreement:

This Agreement, the documents required to be delivered hereunder and the Security Documents shall constitute the entire agreement between the Lender and each Credit Party pertaining to the Loan and shall supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, relating thereto and there are no warranties, representations or other agreements between any Credit Party and the Lender in connection with the Loan except as specifically set forth herein and in the Loan Documents.

9.5 Assignment:

- (a) The Lender may assign, transfer, negotiate, pledge or otherwise hypothecate to any Person (an "**Assignee**"), in whole or in part, the Lender's rights and interests in, to or under this Agreement, or any of them, and any amounts due or to become due hereunder or in connection herewith (the "**Assigned Rights**") together with the security under Security Documents securing the Assigned Rights (provided that, if any Assignee exercises any of the Assigned Rights, such Assignee shall agree to assume and be subject to the obligations under of this Agreement and the Security Documents, as applicable, relating to the Assigned Rights) and all rights and remedies of the Lender in connection with the Assigned Rights shall be enforceable by the Assignee against each Credit Party as the same would have been by the Lender but for such assignment, transfer, negotiation, pledge or hypothecation and no Credit Party shall assert against any Assignee or otherwise, any claims or equities that such Credit Party may have against the Lender to delay, diminish, extinguish or otherwise affect the amount and timeliness of payment to the Assignee or the performance by such Credit Party of any of the Assigned Rights.

- (b) No Credit Party shall assign any of its rights and obligations under this Agreement or the Security Documents, or any of them, without the prior written consent of the Lender, which may be withheld by the Lender in its sole discretion.

9.6 No Merger:

The taking of any judgment or judgments on any of the covenants herein contained or contained in any Security Documents or the collection or realization of any security shall not operate as a merger or affect the Lenders rights to interest at the rate and in the same manner as herein provided.

9.7 No Agency, Joint Venture or Partnership:

The Lender is not the partner, joint venturer, agent or representative of any Credit Party and no Credit Party is the partner, joint venturer, agent or representative of the Lender for any purpose and shall not hold itself out to any Person as such.

9.8 No Limitation:

None of the obligations of any Credit Party hereunder or under any of the Security Documents shall be released or diminished in whole or in part because of any lack of capacity or authorization or any defect or error in or execution of this Agreement or any Security Documents or any other matter or thing whatsoever.

9.9 Rights, Powers and Remedies:

Each right, power and remedy of the Lender provided for herein, in the Security Documents or available at law or in equity or in any other agreement shall be separate and in addition to every other such right, power and remedy. Any one or more and/or any combination of such rights, remedies and powers may be exercised by the Lender from time to time and no such exercise shall exhaust the rights, remedies or powers of the Lender or preclude the Lender from exercising any one or more of any such rights, remedies and powers or any combination thereof from time to time thereafter or simultaneously.

9.10 Survival:

All covenants, undertakings, agreements, representations and warranties made by each Credit Party in this Agreement, the Security Documents and any certificates, reports, statements, information, data, documents or instruments delivered pursuant to or in connection with the Loan, this Agreement or any of the Security Documents shall survive the execution and delivery of this Agreement, the Security Documents and any advances of the Loan made by the Lender pursuant to this Agreement and any of the Security Documents, and shall continue in full force and effect until the Loan Amount and all other amounts payable by each Credit Party to the Lender are paid in full. All representations and warranties made by each Credit Party in writing shall be deemed to have been relied upon by the Lender.

9.11 Conflict:

If a conflict or inconsistency exists between a provision of any of the Security Documents and a provision of this Agreement, the provisions of this Agreement shall prevail to the extent necessary to remove such conflict. If there is a representation, warranty, covenant, agreement or event of default contained in any Security Document, which is not contained herein, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms. Notwithstanding the foregoing, after the date of this Agreement, the parties shall negotiate in good faith to amend the Security Documents to reconcile any provision therein which is inconsistent with the provisions of this Agreement and to include any representation, warranty, covenant, agreement or event of default contained in any Security Document, which is not contained in this Agreement.

9.12 Severability:

If any provision of this Agreement or any Security Document shall be held invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall attach only to such provision and shall not affect any or all other

provisions of this Agreement or any Security Documents and where necessary, shall be construed as if such invalid, illegal or unenforceable provision had never been contained therein; provided, however, that such provision shall not be by reason thereof be invalid, illegal or unenforceable in any other jurisdiction in which no such impediment exists.

9.13 Successors and Assigns:

Subject to Section 9.5 hereof, this Agreement and each of the covenants, warranties and representations herein contained or in any certificates delivered in connection herewith by each Credit Party shall enure to the benefit of the Lender and be binding upon each Credit Party.

9.14 Expenses:

The Borrower shall be responsible for all legal, financial, facilitation and other advisory fees and disbursements and out-of-pocket expenses of the Lender in connection with the transaction contemplated herein including, but not limited to, all fees incurred by Lender in connection with the preparation of this Agreement, the Security Documents, any protective disbursements, all court attendances in Canada or elsewhere and any proceedings taken to enforce the Lender's rights and remedies. All such fees and expenses shall be secured by the Security Documents, whether or not the Loan is advanced and shall include the time spent by Lender and its representatives in retaking, holding, repairing, processing and preparing for disposition and disposing of the Lender's security calculated at the Lender's standard rates.

9.15 Governing Law:

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the courts of the Province of Ontario shall have exclusive jurisdiction to determine any matter, dispute or cause arising hereunder.

9.16 Time of Essence:

Time is of the essence of this Agreement and shall continue to be of the essence.

9.17 Headings and Interpretation:

The insertion in this Agreement of headings is for convenience of reference only and shall not affect the construction, meaning, intent or interpretation of any provision.

9.18 Number and Gender:

All nouns and personal pronouns relating thereto shall be read and construed as the number and gender may require and the verb shall be read and construed as agreeing with the noun and pronoun. All obligations, documents, representation and warranties of each Credit Party shall be joint and several so that the performance of same by any Credit Party shall constitute performance per se by any other Credit Party unless a different interpretation is required in order for the particular event to have meaning in the context.

9.19 Counterparts:

This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by facsimile transmission or any electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement.

9.20 Currency:

All dollar amounts referred to herein are expressed in Canadian funds. The Borrower acknowledges that it shall be responsible for the costs (including, without limitation, bank service charges and currency exchange commissions)

exchange rates) of converting funds to or from Canadian currency and hereby consents to the exchange and service charges applied by the Lender's Bank in respect of same.

9.21 Registrations:

Neither the preparation, execution nor the registration of this Agreement or any Security Documents, nor any filing or registration with respect thereto, shall bind the Lender to make an advance of the Loan unless and until each of the terms, conditions and provisions contained herein have been satisfied and performed by each Credit Party to the full satisfaction of the Lender.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by its respective officers thereto duly authorized as of the date first above written.

**NE SPC II LP, by its general partner,
NEXT EDGE GENERAL PARTNER (ONTARIO) INC.**

Per: _____
Name: Cheng Dang
Title: Director

I have authority to bind the limited partnership.

ALEAFIA HEALTH INC.

Per: _____
Name: Geoffrey Benic
Title: Chief Executive Officer

Per: _____
Name: Matthew Sale
Title: Chief Financial Officer

We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

Per: _____
Name: Geoffrey Benic
Title: President

Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

ALEAFIA FARMS INC.

Per: _____
Name: Geoffrey Benic
Title: President

Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by its respective officers thereto duly authorized as of the date first above written.

**NE SPC II LP, by its general partner,
NEXT EDGE GENERAL PARTNER (ONTARIO) INC.**

Per: _____
Name:
Title:

I have authority to bind the limited partnership.

ALEAFIA HEALTH INC.

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: Chief Executive Officer

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Chief Financial Officer

We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

ALEAFIA FARMS INC.

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

EMBLEM CORP.

DocuSigned by:

Geoff Benic

Per: _____

Name: Geoffrey Benic

Title: President

DocuSigned by:

Matthew Sale

Per: _____

Name: Matthew Sale

Title: Authorized Signatory

We have authority to bind the corporation.

CANABO MEDICAL CORPORATION

DocuSigned by:

Geoff Benic

Per: _____

Name: Geoffrey Benic

Title: President

DocuSigned by:

Matthew Sale

Per: _____

Name: Matthew Sale

Title: Authorized Signatory

We have authority to bind the corporation.

ALEAFIA INC.

DocuSigned by:

Geoff Benic

Per: _____

Name: Geoffrey Benic

Title: President

DocuSigned by:

Matthew Sale

Per: _____

Name: Matthew Sale

Title: Authorized Signatory

We have authority to bind the corporation.

SCHEDULE "1"

PERMITTED ENCUMBRANCES

PART 1 - GENERAL PERMITTED ENCUMBRANCES

1. Liens for security given to a public authority or any municipality or government or other public authority when required by statutory or regulatory obligation in connection with the operation of the business of the Credit Parties in the ordinary course of the operation of that business, which do not, in the aggregate, materially interfere with the ordinary course of conduct of the business of the Credit Parties, or affect the Lender's priority to its security interests.
2. Liens for taxes, rates, assessments, governmental charges or levies not at the time due or delinquent according to law or for which instalments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which are being contested diligently and in good faith by appropriate proceedings by any Credit Party and for which appropriate reserves have been taken in accordance with IFRS.
3. Reservations, limitations, provisos and conditions expressed in any original grant from the Crown or other grants of real or immovable property, or interests therein, that do not materially affect the use of the Real Property for the purpose for which it is used by any Credit Party.
4. Title defects, irregularities or other matters relating to title that are of a minor nature existing as of the date hereof, that do not individually or in the aggregate materially impair the value of the Real Property.
5. The right reserved to or vested in any governmental authority by the terms of any lease, licence, franchise, grant or permit acquired by any Credit Party or by any statutory provision to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof, that do not individually or in the aggregate materially impair the value of the Real Property.
6. Permits, reservations, covenants, servitudes, right of access or user licenses, easements, rights-of-way and rights in the nature of easements (including, without limitation, licenses, easements, rights-of-way and rights in the nature of easements for railways, sidewalks, public ways, sewers, drains, gas and oil pipelines, steam and water mains or electric light and power, or telephone, telecommunication, television and telegraph conduits, poles, wires and cables) that do not materially impair the use or value of the Real Property.
7. Servicing and site plan agreements, undertakings and agreements made pursuant to applicable planning and development legislation, entered into with or made in favour of any governmental authority, or public or private utility, relating to the improvements provided same are complied with and do not materially impair the use or value of the Real Property.
8. Encroachments by the Real Property or structures thereon over neighbouring lands (including public streets) and minor encroachments by neighbouring lands or structures thereon over the Real Property, so long as, in the former case, there are written agreements permitting such encroachments, provide same do not individually or in the aggregate materially impair the use or value of the Real Property.
9. All municipal by-laws and regulations and other municipal land use instruments, including, with limitation, official plans, zoning and building by-laws, restrictive covenants and other land use limitations, public or private, and other restrictions as to the use of the Real Property provided same do not materially interfere with the ordinary course of conduct of the business of the Credit Parties at the Real Property.
10. Liens securing obligations not yet due and payable under the unemployment insurance legislation, workers' compensation programs, and other social security legislation and for which appropriate reserves have been taken in accordance with IFRS.

11. Liens:
- (a) Securing public or statutory obligations of any Credit Party;
 - (b) Constituting deposits securing, or in lieu of, surety, appeal or custom bonds in proceedings to which any Credit Party is a party; and
 - (c) Securing bids, tenders, contracts (other than contracts for the payment of money); provided in each such case that such liens are not registered against title to any real or personal property of the Borrower and do not affect the Lender's priority to its security interest.
 - (d) Carriers', warehousemen's, mechanics', materialmen's, repairmen's, construction or other similar Liens arising in the ordinary course of business which relate to obligations not overdue, or which are being contested in good faith and by appropriate proceedings diligently prosecuted, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject thereto, and for which adequate reserves in accordance with IFRS are being maintained.
 - (e) Liens created by the Security Documents.
 - (f) Liens in favour of the Existing Lender.
 - (g) Any purchase money security interest to a vendor or another lender and Liens to secure capital lease obligations, in each case, only to the extent permitted under Section 5.2(f)(v) and Section 5.2(f)(vi).

PART 2 - SPECIFIC PERMITTED ENCUMBRANCES

Aleafia Health

1. Bank of Montreal – collateral as described in an estoppel letter
2. IndCom Leasing Inc. – collateral as described in an estoppel letter

Emblem Cannabis

1. Evoqua Water Technologies Ltd. – collateral as described in an estoppel letter
2. Ryder Material Handling ULC – collateral as described in an estoppel letter

Aleafia Farms

1. Linde Canada Inc. – collateral as described in an estoppel letter
2. Black Diamond LP – collateral as described in an estoppel letter
3. Kubota Canada Ltd. – collateral as described in an estoppel letter

Emblem

1. Hav-A-Kar Leasing Ltd. – collateral as described in an estoppel letter
2. The Toronto-Dominion Bank – collateral as described in an estoppel letter

Canabo

1. Lincoln AFS – collateral as described in an estoppel letter

SCHEDULE “2”

**DISCHARGE / POSTPONEMENT / SUBORDINATION /
NO INTEREST LETTER REQUIREMENTS**

1. Subordination, Postponement and Standstill Agreement in respect of the indebtedness under the Existing Credit Agreement.
2. Estoppel Letters from:
 - (a) Bank of Montreal
 - (b) IndCom Leasing Inc.
 - (c) Evoqua Water Technologies Ltd.
 - (d) Ryder Material Handling ULC
 - (e) Linde Canada Inc.
 - (f) Black Diamond LP
 - (g) Kubota Canada Ltd.
 - (h) Hav-A-Kar Leasing Ltd.
 - (i) The Toronto-Dominion Bank
 - (j) Lincoln AFS

SCHEDULE “3”

SUBSIDIARIES

Corporation	Jurisdiction of Incorporation or Formation	Shareholder(s)	Chief Executive Office and Principal Place of Business	Jurisdictions where material property located or business carried on
2676063 Ontario Inc.	Ontario	Aleafia Health Inc. - 100 Common shares	85 Basaltic Rd Concord, ON L4K 1G4	N/A
2672533 Ontario Inc.	Ontario	Aleafia Health Inc. – 100 Common Shares	85 Basaltic Rd Concord, ON L4K 1G4	N/A
Aleafia Inc.	Ontario	Canabo Medical Corporation – 97,841,100 Common shares	85 Basaltic Rd Concord, ON L4K 1G4	Leases in Nova Scotia, Newfoundland and Ontario subject to assignment to Ketamine One. Shares are held in Ontario.
Aleafia Brands Inc.	Ontario	Aleafia Health Inc. – 100 Common shares	85 Basaltic Rd Concord, ON L4K 1G4	Ontario
Aleafia Farms Inc.	Ontario	Aleafia Inc. – 100 Common shares	85 Basaltic Rd Concord, ON L4K 1G4	Ontario
Aleafia Health Inc.	Continued into Ontario	N/A	85 Basaltic Rd Concord, ON L4K 1G4	Ontario
Aleafia Retail Inc.	Ontario	Aleafia Health Inc. – 100 Common shares	85 Basaltic Rd Concord, ON L4K 1G4	Ontario
Canabo Medical Corporation	Canada	Aleafia Health Inc. – 27,546,900 common shares	85 Basaltic Rd Concord, ON L4K 1G4	In person services are offered in Ontario, Newfoundland, Alberta, British Columbia and Nova Scotia. Virtual services are offered in every province and territory of Canada. Shares are held in Ontario.
Emblem Cannabis Corporation	Canada	Emblem Corp. – 100 Common shares	85 Basaltic Rd Concord, ON L4K 1G4	Ontario.
Emblem Corp.	Canada	Aleafia Health Inc. – 14,065,287 common shares	85 Basaltic Rd Concord, ON L4K 1G4	Ontario
Emblem Realty Ltd.	Ontario	Emblem Cannabis Corporation – 100 Class A Common shares	85 Basaltic Rd Concord, ON L4K 1G4	N/A
GrowWise Health Limited	Ontario	Emblem Cannabis Corporation - 200 common shares	85 Basaltic Rd Concord, ON L4K 1G4	Lease in Ontario and agreement with partner clinic in British Columbia (both subject to assignment to Ketamine One)

SCHEDULE "4"

**DEBT REQUIRED TO BE PAID
CONTEMPORANEOUSLY WITH THE ADVANCE
UNDER THE TERM FACILITY**

1. All amounts owing for HST and source deduction arrears.

SCHEDULE "5"

ADDITIONAL CLOSING DELIVERABLES

Contemporaneously with the Advance under the Term Facility, the Lender shall receive the following documents, each in a form and with content satisfactory to the Lender:

1. Acknowledgement re Standard Charge Terms.
2. Certificate relating to the Real Property.
3. Acknowledgement re PPSA Verification Statements.
4. Such other security documentation, resolutions, certificates and opinions as may be reasonably required by the Lender and the Lender's Counsel.

SCHEDULE "6"

BORROWING NOTICE

[DATE]

NE SPC II LP

c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, Ontario M5C 2V6

Attention: Tammy Kemp
Email: tammy.kemp@garrington.com

BORROWING NOTICE

Pursuant to the loan agreement dated as of December 24, 2021 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Loan Agreement**"; capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Loan Agreement), among, *inter alios*, Aleafia Health Inc., Emblem Cannabis Corporation and Aleafia Farms Inc. (collectively, the "**Borrowers**") and NE SPC II LP ("**Lender**"), we hereby instruct and authorize Lender to make the [Revolving Facility Advance][Term Facility Advance] to the account(s) described below, subject to and in accordance with the terms and provisions of the Loan Agreement to the account numbers specified below and to record Borrowers' loan account with [each such Revolving Facility Advance(s)][the Term Facility Advance].

The Borrowers hereby request an advance (the "**Advance**") be made as follows:

A. The date of Advance: _____

B. Credit Facility:

Revolving Facility Advance: _____

Term Facility Advance: _____

C. Proceeds of the Advance are to be directed as follows:

#: _____

#: _____

The Borrowers hereby confirm as follows:

1. Attached hereto is a detailed list of (a) all Eligible Accounts outlining separately, to the satisfaction of the Lender in respect of each such Account, as applicable: (i) the aging of each such Accounts; (ii) the currency in respect of which each such Accounts is denominated; and (iii) such other information as the Lender may reasonably request from time to time and (b) all Priority Payables.
2. Attached hereto is a detailed list of all Current Assets and Current Liabilities and such other information as the Lender may reasonably request from time to time.
3. The Current Ratio is \$ _____.

4. The assets purchased by a Credit Party pursuant to Section 5.2(f) of the Loan Agreement are as follows: [•].
5. No new bank accounts have been opened by Aleafia Health Inc. or any of its Subsidiaries since the date of the previous Advance.
6. The Borrowers represent and warrant that: (i) the reports and information provided herewith are accurate and complete in all respects; (ii) all amounts certified as Priority Payables are current amounts owing and not in arrears; (iii) the amounts set forth herein are in compliance with the provisions of the Loan Agreement; and (iv) in relation to calculation of the Lending Margin and the Current Ratio there have been no material changes to accounting policies, practices and calculation methods from the accounting policies, practices and methods used by the Borrowers as at the date of the Loan Agreement.
7. After giving effect to the Advance(s) requested herein, the aggregate outstanding balance of the Revolving Facility owing by the Borrowers will not exceed the lesser of (i) the Revolving Facility Borrowing Limit, and (ii) the Lending Margin.
8. Each of the representations and warranties made by each of the Credit Parties in or pursuant to the Loan Agreement and the other Loan Documents are true and correct on and as of the date hereof as if made on and as of such date (other than those that are made with respect to a specific date which continue to be true and correct as of such date).
9. The Credit Parties have observed or performed, fulfilled and satisfied all of their covenants and agreements under the Loan Agreement and each other Loan Document.
10. No Event of Default has occurred and continues to subsist and no event or circumstance has occurred and no condition exists which will result, either immediately, or with the lapse of time or giving of notice or both, in the occurrence or existence of an Event of Default, and no of the foregoing will occur after the making of the Advance(s) requested hereunder.
11. No Material Adverse Effect has occurred nor will any such effect occur as a result of the Advance(s) requested hereunder.
12. All of the other conditions precedent to the Advance(s) requested hereunder have been satisfied.

[signature page follows]

DATED this __ day of _____, 20__.

ALEAFIA HEALTH INC.

Per: _____
Name: Geoffrey Benic
Title: Chief Executive Officer

Per: _____
Name: Matthew Sale
Title: Chief Financial Officer

We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

Per: _____
Name: Geoffrey Benic
Title: President

Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

ALEAFIA FARMS INC.

Per: _____
Name: Geoffrey Benic
Title: President

Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

SCHEDULE "7"

BANK ACCOUNTS

Institution	Legal Entity Name	Account Number
Libro	Emblem Corp	62062-1340640215
Libro	Emblem Cannabis Corp	62062-1342326615
Libro	GroWise Health	62062-1342328215
TD	Emblem Corp	1020-5531695
TD	Emblem Corp	1020-5550819
IC savings	Aleafia Inc.	300287490014
	Aleafia Inc.	300287490030
BMO	Aleafia Inc.	00022-1749547
	Aleafia Farms Inc.	00022-1749563
	Canabo Medical Corp.	00022-1749598
	Aleafia Health Inc.	00022-1749619
	Aleafia Health Inc.	00022-1749627

SCHEDULE "8"

LITIGATION

Certain of Emblem Corp.'s former executives have been named in a claim commenced March 20, 2015 in the Ontario Superior Court of Justice that also identifies Emblem Corp. and Emblem in relation to certain services provided to the Emblem Corp. parties by an individual. The plaintiff has claimed \$10 million in damages. The claim is being contested and the action is currently at the discovery stage. The outcome of this legal matter is subject to negotiations by the officers of the Borrower and the Borrower believes its is unlikely to be impacted and accordingly, no amount has been provided for. A separate claim was also initiated by Tayts on March 22, 2019 in the Ontario Superior Court of Justice against Emblem and Emblem Corp. arising out of the same facts and seeking the same damages. The claim is contested but pleadings have not yet concluded. On June 16, 2020, a class-action lawsuit was issued in Calgary, Alberta by Lisa Marie Langevin as the proposed representative plaintiff. The claim has been filed against most of the cannabis manufacturers in Canada and includes, among the many defendants, Emblem Corp. and Aleafia Health. The claim alleges that the THC and CBD levels in the products manufactured and/or sold by the defendants differed from what was represented on packaging, specifically alleging that THC and CBD levels were found to be significantly higher than indicated in some products while others may have had significantly lower levels. The action is seeking \$500 million (or such other amount as may be proven at trial) for all Canadians who purchased medicinal cannabis products on or after June 16, 2010 as well as Canadians who legally purchased cannabis for recreational purposes on or after October 17, 2018. The claim also seeks \$5,000,000 in punitive damages. Ms. Langevin has not alleged that she ever purchased product from Emblem or Aleafia Health. The case is at its earliest stages and has not been certified as a class proceeding. The Borrower believes it has good defences to the claim and intends to vigorously defend the claim. Accordingly, at this stage no contingency has been provided for in respect of this claim.

This is Exhibit "LL" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

Parties	Main Loan Agreement and Amendments/Supplements	Security Given	Amount Available	Current Amount o/s inclusive of interest
<p>NE SPC II LP (the “Lender”)</p> <p>Aleafia Health Inc. Emblem Cannabis Corporation Aleafia Farms Inc. (the “Borrowers”)</p> <p>Emblem Corp. Canabo Medical Corporation Aleafia Inc. (the “Guarantors” and together with the Borrowers, the “Credit Parties” and each a Credit Party)</p>	<p>Loan Agreement dated December 24, 2021</p> <p>Letter amending agreement dated March 28, 2022</p> <p>Letter amending agreement dated June 17, 2022</p> <p>Accommodation Agreement dated April 26, 2023</p> <p>First Amended and Restated Accommodation Agreement dated May 15, 2023</p> <p>Amending agreement dated May 31, 2023</p> <p>Assignment of Indebtedness and security dated June 6, 2023 (assigned to Red White & Bloom Brands Inc.)</p>	<ul style="list-style-type: none"> • Collateral charge/mortgage in the principal amount of \$19,000,000 dated as of December 24, 2021 from each of Emblem Cannabis Corporation and Aleafia Farms Inc. • General assignment of Rents over the Real Property dated as of December 24, 2021 from each of Emblem Cannabis and Aleafia Farms • General Security Agreement dated as of December 24, 2021 from each Credit Party • Environmental Warranty and Indemnity dated as of December 24, 2021 from each Credit Party • Guarantee dated as of December 24, 2021 from each of the Guarantors • Blocked Accounts Agreement dated as of May 19, 2022 between Emblem Cannabis Corporation, NE SPC II LP and The Toronto-Dominion Bank • Assignment of Insurance dated as of December 24, 2021 from each of the Credit Parties • Subordination, Postponement and Standstill Agreement dated as of December 24, 2021 from 1260356 Ontario Limited • Notice of IP Security dated as of December 24, 2021 from each of: <ul style="list-style-type: none"> ○ Emblem Cannabis Corporation ○ Aleafia Inc. ○ Aleafia Health Inc. 	<p>Revolving Facility: \$7,000,000</p> <p>Non-Revolving Term Loan Facility: \$12,000,000</p>	<p>Revolving Facility: \$2,536,903.88</p> <p>Non-Revolving Term Loan Facility: \$12,193,154.41</p>
<p>1260356 Ontario Limited (the “Lender”)</p> <p>Aleafia Health Inc. (the “Borrower”)</p>	<p>Credit Agreement dated as of August 20, 2021</p> <p>Amending Agreement dated December 24, 2021</p> <p>Amending Agreement No. 2 dated August 26, 2022</p>	<ul style="list-style-type: none"> • Guarantee dated as of August 26, 2022 from each of: <ul style="list-style-type: none"> ○ Aleafia Farms ○ Aleafia Inc. ○ Canabo Medical Corporation ○ Emblem Cannabis Corp. ○ Emblem Corp. • GSA dated as of August 26, 2022 from each of: <ul style="list-style-type: none"> ○ Aleafia Health ○ Aleafia Farms ○ Aleafia Inc. ○ Canabo Medical Corporation ○ Emblem Cannabis Corporation 	<p>Loan: Originally \$10,000,000, later amended to \$5,000,000</p>	<p>\$5,552,575.34</p>

Parties	Main Loan Agreement and Amendments/Supplements	Security Given	Amount Available	Current Amount o/s inclusive of interest
		<ul style="list-style-type: none"> ○ Emblem Corp. • Collateral charge/mortgage in the principal amount of \$20,000,000 from Emblem Cannabis Corporation and re Paris Property • Collateral charge/mortgage in the principal amount of \$20,000,000 from Aleafia Farms Inc. re Scugog Property • Collateral charge/mortgage in the principal amount of \$20,000,000 from Aleafia Farms Inc. re Grimsby Property • Subordination, Postponement and Standstill Agreement dated as of August 26, 2022 from Computershare Trust Company of Canada to 1260356 Ontario Limited 		
<p>Aleafia Health Inc.</p> <p>Computershare Trust Company of Canada (“Trustee”)</p>	<p>Amended and Restated Indenture dated June 27, 2022</p> <p>First supplemental indenture dated June 27, 2022</p> <p>Second supplemental indenture dated June 27, 2022</p> <p>Third supplemental indenture dated June 27, 2022</p>	<ul style="list-style-type: none"> • Guarantee and Postponement Agreement dated as of June 27, 2022 from each of: <ul style="list-style-type: none"> ○ Aleafia Health Inc. ○ Aleafia Farms Inc. ○ Emblem Corp. ○ Canabo Medical Corporation ○ Aleafia Inc. • General Security Agreement dated as of June 27, 2022 from each of: <ul style="list-style-type: none"> ○ Aleafia Health inc. ○ Emblem Cannabis Corporation ○ Aleafia Farms Inc. ○ Emblem Corp. ○ Canabo Medical Corporation ○ Aleafia Inc. • Assignment of Insurance dated as of June 27, 2022 from each of: <ul style="list-style-type: none"> ○ Aleafia Health Inc. ○ Emblem Cannabis Corporation ○ Aleafia Farms Inc. ○ Emblem Corp. ○ Canabo Medical Corporation ○ Aleafia Inc. • Environmental Warranty and Indemnity dated as of June 27, 2022 from Aleafia Health Inc., Emblem Cannabis Corporation, 		<p>\$13,435,211 principal amount of Series A</p> <p>\$13,435,211 principal amount of Series B</p> <p>\$16,031,609 principal amount of Series C</p>

Parties	Main Loan Agreement and Amendments/Supplements	Security Given	Amount Available	Current Amount o/s inclusive of interest
		<p>Aleafia Farms Inc., Emblem Corp., Aleafia Inc., Canabo Medical Corporation</p> <ul style="list-style-type: none"> • Subordination, Postponement and Standstill Agreement dated as of June 27, 2022 from Computershare Trust Company of Canada to NE SPC II LP • First Priority Registered Notice of General Assignment of Rents dated as of June 27, 2022 re Scugog Property • Second Priority Registered Notice of General Assignment of Rents dated as of June 27, 2022 re Grimsby Property • Second Priority Registered Notice of General Assignment of Rents dated as of June 27, 2022 re Paris Property • Second Priority Registered Mortgage dated as of June 27, 2022 re Scugog Property • Third Priority Registered Mortgage dated as of June 27, 2022 re Grimsby Property • Third Priority Registered Mortgage dated as of June 27, 2022 re Paris Property 		
<p>Royal Group Resources Limited (the “Lender”)</p> <p>Aleafia Health Inc. (the “Borrower”)</p>	<p>Promissory note dated December 16, 2022</p>	<p>N/A</p>	<p>\$1,000,000.00</p>	<p>\$1,076,103.65</p>
<p>Royal Group Resources Limited (the “Lender”)</p> <p>Aleafia Health Inc. (the “Borrower”)</p>	<p>Promissory Note dated January 24, 2023</p>	<p>N/A</p>	<p>\$1,500,000.00</p>	<p>\$1,592,425.75</p>
<p>Royal Group Resources Limited (the “Lender”)</p> <p>Aleafia Health Inc. (the “Borrower”)</p>	<p>Promissory Note dated February 28, 2023</p>	<p>N/A</p>	<p>\$2,000,000.00</p>	<p>\$2,096,808.93</p>

This is Exhibit "MM" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

GENERAL SECURITY AGREEMENT

TO: **NE SPC II LP**
 c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, Ontario M5C 2V6

Attention: Tammy Kemp
 Email: tammy.kemp@garringtonco.com

DATE: December 24, 2021

RECITALS:

A. Emblem Corp. (the "**Debtor**") is, or may become, indebted or liable to NE SPC II LP (the "**Creditor**") pursuant to the terms of a loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") among, *inter alia*, the Debtor and the Creditor.

B. To secure the payment and performance of the Liabilities (as hereinafter defined), the Debtor has agreed to grant to the Creditor security interests in respect of the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditor as follows:

1. **Definitions.** In this Agreement, capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the Loan Agreement, and the following terms have the following meanings:

 "**Accessions**", "**Account**", "**Chattel Paper**", "**Consumer Goods**", "**Document of Title**", "**Equipment**", "**Goods**", "**Instrument**", "**Intangible**", "**Inventory**", "**Investment Property**" and "**Proceeds**" have the meanings given to them in the PPSA.

 "**Books and Records**" means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

 "**Business Day**" means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the "Governing Law" section of this Agreement.

 "**Collateral**" means all of the present and future undertaking and Personal Property (and specifically including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditor in connection with this Agreement) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located.

"Contracts" means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement.

"Default" means any "Event of Default" as defined in the Loan Agreement.

"Intellectual Property Rights" means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights.

"Liabilities" means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Debtor to the Creditor, under, in connection with or with respect to the Loan Agreement and the other Loan Documents, and any unpaid balance thereof.

"Money" has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency.

"PPSA" means the Personal Property Security Act of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

"Permits" means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

"Personal Property" means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Investment Property.

"Receiver" means a receiver, a manager or a receiver and manager.

"Security Interest" means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. Grant of Security Interest. As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns (by way of security) to the Creditor, and grants to the Creditor a security interest in, the Collateral.

3. Limitations on Grant of Security Interest. If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditor and, on exercise by

the Creditor of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Creditor. In addition, the Security Interests created by this Agreement do not attach to Consumer Goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditor and, on the exercise by the Creditor of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Creditor.

4. Attachment; No Obligation to Advance. The Debtor confirms that value has been given by the Creditor to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Creditor have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditor to advance any funds or any additional funds.

5. Representations and Warranties. The Debtor represents and warrants to the Creditor that, as of the date of this Agreement:

(a) Places of Business, Name, Location of Collateral. The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement. The location of all other existing places where the Debtor carries on business or keeps tangible Personal Property, the location of all jurisdictions in which account debtors of the Debtor are located, and the location of all real property owned by the Debtor, are set out in Schedule A to this Agreement.

(b) Title; No Other Security Interests. Except for Permitted Encumbrances, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Encumbrances.

(c) Amount of Accounts. The amount represented by the Debtor to the Creditor from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Creditor at that time, will be owed free of any dispute, set-off or counterclaim.

(d) Authority; Consents. The Debtor has full power and authority to grant to the Creditor the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Creditor, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor, classified as Equipment and are included in calculating the Term Facility Borrowing Limited as set out in the Loan Agreement, is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All registrations and applications for registration pertaining to Intellectual Property Rights owned by the Debtor, and all other Intellectual Property Rights of the Debtor, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by the Creditor and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditor and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. Covenants. The Debtor covenants and agrees with the Creditor that:

(a) Further Documentation. The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Creditor may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Creditor will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Creditor authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Creditor Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) Delivery of Certain Collateral. Promptly upon request from time to time by the Creditor, the Debtor will deliver (or cause to be delivered) to the Creditor, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Creditor may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as the Creditor may specify in its request.

(c) Payment of Expenses; Indemnification. The Debtor will pay on demand, and will indemnify and save the Creditor harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Creditor in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its obligations under this Agreement, or (iii) incurred by the Creditor in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) Maintenance of Records. The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Creditor, the Debtor will mark any Collateral specified by the Creditor to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Creditor may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Creditor may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Creditor with such clerical and other assistance as may be reasonably requested by the Creditor to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Creditor, and the Debtor will defend the right, title and interest of the Creditor in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Creditor's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditor, remain segregated from the property of the Debtor or any other Person and will be immediately paid to the Creditor.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditor, or (ii) fail to

exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditor.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Creditor and will (i) contain a breach of warranty clause in favour of the Creditor, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Creditor, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditor, and (iv) name the Creditor as loss payee as its interest may appear. The Debtor will, from time to time at the Creditor's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Creditor. If the Debtor does not obtain or maintain such insurance, the Creditor may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Creditor for all payments made by the Creditor in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditor nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Creditor such statements, schedules, permits and licenses further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Creditor may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Creditor promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Creditor) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless

all filings have been made and all other actions taken that are required in order for the Creditor to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Creditor, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Creditor may request to evidence the Creditor's Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditor, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditor may, personally or by agent, at such time or times as the Creditor in its sole discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditor at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditor to be assembled and made available and/or delivered to the Creditor at any place designated by the Creditor.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Creditor may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Creditor deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Creditor or elsewhere, on such terms and conditions as the Creditor may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery. The Debtor shall only be entitled to credit against the liability for money actually received by the Creditor, less the Creditor's costs and expenses of disposition. In no event shall the Debtor be entitled to credit for any deferred payment in respect of collateral realized by the Creditor.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. 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 the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Creditor, the Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Creditor and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Creditor and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Creditor deems appropriate in the circumstances. The Debtor shall give the Creditor any assistance requested by the Creditor with respect to such accounts as may be required to assess its value.

(k) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of the Creditor or its nominee, with or without disclosing that the Investment Property is subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if the Creditor were the absolute owner of such Investment Property.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Creditor for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Creditor for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Creditor under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Creditor will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Creditor.

(p) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) Consultants. Require the Debtor to engage a consultant of the Creditor's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the

account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Creditor and to disclose to the Creditor any and all information obtained in the course of such consultant's employment.

The Creditor may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Creditor to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Creditor which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Creditor;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Creditor may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Creditor to exercise its rights and remedies under Section 8 when the Creditor is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Creditor an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Investment Property. The Creditor is authorized, in connection with any offer or sale of any Investment Property forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Investment Property. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Creditor will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Investment Property are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Creditor or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Creditor's rights under this Agreement), Security Interests in favour of Persons other than the Creditor, borrowings, taxes and other

outgoings affecting the Collateral or which are considered advisable by the Creditor or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of the Creditor, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Creditor considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Creditor's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Creditor and any officer or agent of the Creditor, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Creditor's discretion to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditor as secured party or any other Person on the Creditor's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Creditor or such other Person considers appropriate.

14. Performance by Creditor of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Creditor incurred in connection with any such performance or compliance will be payable by the Debtor to the Creditor immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Creditor under this Agreement is not paid when due, the Debtor will pay to the Creditor, immediately on demand, interest on such amount from the date due until paid, at the highest annual rate applicable to the Liabilities from time to time, including default rates. All amounts payable by the Debtor to the Creditor under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) Limitations on Creditor's Liability. The Creditor will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this

Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Creditor, a Receiver nor any agent of the Creditor (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons in respect of any Collateral. Neither the Creditor nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Creditor or any Receiver) caused for any reason other than the gross negligence or wilful misconduct of the Creditor or such Receiver.

(b) Debtor Remains Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Creditor will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Creditor of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Creditor will not be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) Collections on Accounts and Contracts. The Creditor hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Creditor at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and, in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Creditor if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditor, segregated from other funds of the Debtor or any other Person. All such amounts while held by the Creditor (or by the Debtor in trust for the Creditor) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred, the Creditor may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Creditor may elect. At the Creditor's request, the Debtor will deliver to the Creditor any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) Analysis of Accounts. The Creditor will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Creditor may require in connection therewith. The Creditor may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Creditor's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Creditor reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Creditor. The Creditor will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Creditor may consider desirable. The Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Creditor may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Creditor under this Agreement. The powers conferred on the Creditor under this Agreement are solely to protect the interests of the Creditor in the Collateral and will not impose any duty upon the Creditor to exercise any such powers.

19. Communication. Any notice or other communication required or permitted to be given under this Agreement will be made in accordance with the terms of the Loan Agreement.

20. Release of Information. The Debtor authorizes the Creditor to provide a copy of this Agreement and such other information as may be requested of the Creditor by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waiver. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against the Creditor, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of the exercise by the Creditor of any Receiver of any rights or remedies under this Agreement, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

22. Alteration or Waiver and Indemnity. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Creditor. The Creditor will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Creditor, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Creditor of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Creditor would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor agrees to indemnify the Creditor from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or wilful misconduct of the Creditor or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Creditor and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement

23. Environmental License and Indemnity. The Debtor hereby grants to the Creditor and its employees and agents an irrevocable and non-exclusive license, subject to the

rights of tenants, if any, to enter any of the premises of the Debtor to conduct audits, testing and monitoring with respect to hazardous substances and to remove and analyze any hazardous substance at the cost and expense of the Debtor (which cost and expense will form part of the Liabilities and will be payable immediately on demand and secured by the Security Interests created by this Agreement). The Debtor will indemnify the Creditor and hold the Creditor harmless against and from all losses, costs, damages and expenses which the Creditor may sustain, incur or be or become liable at any time whatsoever for by reason of or arising from the past, present or future existence, clean-up, removal or disposal of any hazardous substance on or about any property owned or occupied by the Debtor or compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any premises owned or occupied by the Debtor or other affected lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

24. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

25. Governing Law; Attornment. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Creditor to enforce this Agreement in any other proper jurisdiction, the Debtor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, the Debtor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such province.

26. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Creditor or is to be acceptable to the Creditor, such consent, approval or determination of acceptability will be in the sole discretion of the Creditor. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

27. Paramourcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement then, notwithstanding anything contained in this Agreement, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Agreement,

which is not contained in the Loan Agreement, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

28. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditor and its successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Creditor. If the Debtor or the Creditor is an individual, then the term "Debtor" or "Creditor", as applicable, will also include his or her heirs, administrators and executors.

29. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

30. Counterparts. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[signature page follows]

Dated as of the date first written above.

EMBLEM CORP.

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

Schedule A

Location of Debtor's principal place of business

Ontario

Locations of Debtor's Real Property

None.

Locations where Debtor has Personal Property

378 South Service Road, Grimsby Ontario

20 Woodslee Avenue, Paris, Ontario

85 Basaltic Road, Concord, Ontario

2540 Regional Road 19, Blackstock, Ontario

36 York Mills Road, Suite 500/501 North York, Ontario

6 Logy Bay Road, St. John's, Newfoundland

5991 Spring Garden Road, Suite 440, Halifax, Nova Scotia

8-10 Rowan Street, Suite 206, Terrace on the Square, St. John's Newfoundland

11 Lakeside Terrace, Lower Level 03, Little Lake Health Centre, Barrie, Ontario

1385 Bank Street, Suite 305, Kilborn Medical Centre, Ottawa, Ontario

117 King Street East, 3rd Floor, Oshawa, Ontario

Motor Vehicles and Other Serial Numbered Goods

2017 Ford F150 – 1FTEW1EF2HFA78134

2018 Honda CRV – 2HKRW2H25JH145661

Intellectual Property Owned by Debtor

None.

Jurisdictions of account debtors of the Debtor

n/a

GENERAL SECURITY AGREEMENT

TO: **NE SPC II LP**
c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, Ontario M5C 2V6

Attention: Tammy Kemp
Email: tammy.kemp@garringtonco.com

DATE: December 24, 2021

RECITALS:

A. Emblem Cannabis Corporation (the "**Debtor**") is, or may become, indebted or liable to NE SPC II LP (the "**Creditor**") pursuant to the terms of a loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") among, *inter alia*, the Debtor and the Creditor.

B. To secure the payment and performance of the Liabilities (as hereinafter defined), the Debtor has agreed to grant to the Creditor security interests in respect of the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditor as follows:

1. **Definitions.** In this Agreement, capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the Loan Agreement, and the following terms have the following meanings:

"Accessions", "Account", "Chattel Paper", "Consumer Goods", "Document of Title", "Equipment", "Goods", "Instrument", "Intangible", "Inventory", "Investment Property" and "Proceeds" have the meanings given to them in the PPSA.

"Books and Records" means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the "Governing Law" section of this Agreement.

"Collateral" means all of the present and future undertaking and Personal Property (and specifically including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditor in connection with this Agreement) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located.

"Contracts" means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement.

"Default" means any "Event of Default" as defined in the Loan Agreement.

"Intellectual Property Rights" means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights.

"Liabilities" means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Debtor to the Creditor, under, in connection with or with respect to the Loan Agreement and the other Loan Documents, and any unpaid balance thereof.

"Money" has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency.

"PPSA" means the Personal Property Security Act of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

"Permits" means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

"Personal Property" means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Investment Property.

"Receiver" means a receiver, a manager or a receiver and manager.

"Security Interest" means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. Grant of Security Interest. As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns (by way of security) to the Creditor, and grants to the Creditor a security interest in, the Collateral.

3. Limitations on Grant of Security Interest. If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditor and, on exercise by

the Creditor of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Creditor. In addition, the Security Interests created by this Agreement do not attach to Consumer Goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditor and, on the exercise by the Creditor of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Creditor.

4. Attachment; No Obligation to Advance. The Debtor confirms that value has been given by the Creditor to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Creditor have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditor to advance any funds or any additional funds.

5. Representations and Warranties. The Debtor represents and warrants to the Creditor that, as of the date of this Agreement:

(a) Places of Business, Name, Location of Collateral. The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement. The location of all other existing places where the Debtor carries on business or keeps tangible Personal Property, the location of all jurisdictions in which account debtors of the Debtor are located, and the location of all real property owned by the Debtor, are set out in Schedule A to this Agreement.

(b) Title; No Other Security Interests. Except for Permitted Encumbrances, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Encumbrances.

(c) Amount of Accounts. The amount represented by the Debtor to the Creditor from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Creditor at that time, will be owed free of any dispute, set-off or counterclaim.

(d) Authority; Consents. The Debtor has full power and authority to grant to the Creditor the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Creditor, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor, classified as Equipment and are included in calculating the Term Facility Borrowing Limited as set out in the Loan Agreement, is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All registrations and applications for registration pertaining to Intellectual Property Rights owned by the Debtor, and all other Intellectual Property Rights of the Debtor, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by the Creditor and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditor and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. Covenants. The Debtor covenants and agrees with the Creditor that:

(a) Further Documentation. The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Creditor may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Creditor will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Creditor authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Creditor Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) Delivery of Certain Collateral. Promptly upon request from time to time by the Creditor, the Debtor will deliver (or cause to be delivered) to the Creditor, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Creditor may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as the Creditor may specify in its request.

(c) Payment of Expenses; Indemnification. The Debtor will pay on demand, and will indemnify and save the Creditor harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Creditor in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its obligations under this Agreement, or (iii) incurred by the Creditor in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) Maintenance of Records. The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Creditor, the Debtor will mark any Collateral specified by the Creditor to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Creditor may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Creditor may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Creditor with such clerical and other assistance as may be reasonably requested by the Creditor to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Creditor, and the Debtor will defend the right, title and interest of the Creditor in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Creditor's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditor, remain segregated from the property of the Debtor or any other Person and will be immediately paid to the Creditor.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditor, or (ii) fail to

exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditor.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Creditor and will (i) contain a breach of warranty clause in favour of the Creditor, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Creditor, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditor, and (iv) name the Creditor as loss payee as its interest may appear. The Debtor will, from time to time at the Creditor's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Creditor. If the Debtor does not obtain or maintain such insurance, the Creditor may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Creditor for all payments made by the Creditor in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditor nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Creditor such statements, schedules, permits and licenses further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Creditor may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Creditor promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Creditor) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless

all filings have been made and all other actions taken that are required in order for the Creditor to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Creditor, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Creditor may request to evidence the Creditor's Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditor, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditor may, personally or by agent, at such time or times as the Creditor in its sole discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditor at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditor to be assembled and made available and/or delivered to the Creditor at any place designated by the Creditor.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Creditor may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Creditor deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Creditor or elsewhere, on such terms and conditions as the Creditor may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery. The Debtor shall only be entitled to credit against the liability for money actually received by the Creditor, less the Creditor's costs and expenses of disposition. In no event shall the Debtor be entitled to credit for any deferred payment in respect of collateral realized by the Creditor.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. 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 the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Creditor, the Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Creditor and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Creditor and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Creditor deems appropriate in the circumstances. The Debtor shall give the Creditor any assistance requested by the Creditor with respect to such accounts as may be required to assess its value.

(k) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of the Creditor or its nominee, with or without disclosing that the Investment Property is subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if the Creditor were the absolute owner of such Investment Property.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Creditor for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Creditor for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Creditor under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Creditor will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Creditor.

(p) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) Consultants. Require the Debtor to engage a consultant of the Creditor's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the

account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Creditor and to disclose to the Creditor any and all information obtained in the course of such consultant's employment.

The Creditor may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Creditor to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Creditor which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Creditor;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Creditor may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Creditor to exercise its rights and remedies under Section 8 when the Creditor is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Creditor an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Investment Property. The Creditor is authorized, in connection with any offer or sale of any Investment Property forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Investment Property. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Creditor will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Investment Property are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Creditor or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Creditor's rights under this Agreement), Security Interests in favour of Persons other than the Creditor, borrowings, taxes and other

outgoings affecting the Collateral or which are considered advisable by the Creditor or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of the Creditor, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Creditor considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Creditor's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Creditor and any officer or agent of the Creditor, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Creditor's discretion to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditor as secured party or any other Person on the Creditor's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Creditor or such other Person considers appropriate.

14. Performance by Creditor of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Creditor incurred in connection with any such performance or compliance will be payable by the Debtor to the Creditor immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Creditor under this Agreement is not paid when due, the Debtor will pay to the Creditor, immediately on demand, interest on such amount from the date due until paid, at the highest annual rate applicable to the Liabilities from time to time, including default rates. All amounts payable by the Debtor to the Creditor under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) Limitations on Creditor's Liability. The Creditor will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this

Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Creditor, a Receiver nor any agent of the Creditor (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons in respect of any Collateral. Neither the Creditor nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Creditor or any Receiver) caused for any reason other than the gross negligence or wilful misconduct of the Creditor or such Receiver.

(b) Debtor Remains Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Creditor will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Creditor of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Creditor will not be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) Collections on Accounts and Contracts. The Creditor hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Creditor at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and, in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Creditor if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditor, segregated from other funds of the Debtor or any other Person. All such amounts while held by the Creditor (or by the Debtor in trust for the Creditor) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred, the Creditor may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Creditor may elect. At the Creditor's request, the Debtor will deliver to the Creditor any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) Analysis of Accounts. The Creditor will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Creditor may require in connection therewith. The Creditor may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Creditor's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Creditor reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Creditor. The Creditor will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Creditor may consider desirable. The Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Creditor may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Creditor under this Agreement. The powers conferred on the Creditor under this Agreement are solely to protect the interests of the Creditor in the Collateral and will not impose any duty upon the Creditor to exercise any such powers.

19. Communication. Any notice or other communication required or permitted to be given under this Agreement will be made in accordance with the terms of the Loan Agreement.

20. Release of Information. The Debtor authorizes the Creditor to provide a copy of this Agreement and such other information as may be requested of the Creditor by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waiver. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against the Creditor, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of the exercise by the Creditor of any Receiver of any rights or remedies under this Agreement, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

22. Alteration or Waiver and Indemnity. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Creditor. The Creditor will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Creditor, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Creditor of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Creditor would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor agrees to indemnify the Creditor from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or wilful misconduct of the Creditor or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Creditor and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement

23. Environmental License and Indemnity. The Debtor hereby grants to the Creditor and its employees and agents an irrevocable and non-exclusive license, subject to the

rights of tenants, if any, to enter any of the premises of the Debtor to conduct audits, testing and monitoring with respect to hazardous substances and to remove and analyze any hazardous substance at the cost and expense of the Debtor (which cost and expense will form part of the Liabilities and will be payable immediately on demand and secured by the Security Interests created by this Agreement). The Debtor will indemnify the Creditor and hold the Creditor harmless against and from all losses, costs, damages and expenses which the Creditor may sustain, incur or be or become liable at any time whatsoever for by reason of or arising from the past, present or future existence, clean-up, removal or disposal of any hazardous substance on or about any property owned or occupied by the Debtor or compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any premises owned or occupied by the Debtor or other affected lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

24. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

25. Governing Law; Attornment. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Creditor to enforce this Agreement in any other proper jurisdiction, the Debtor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, the Debtor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such province.

26. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Creditor or is to be acceptable to the Creditor, such consent, approval or determination of acceptability will be in the sole discretion of the Creditor. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

27. Paramourcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement then, notwithstanding anything contained in this Agreement, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Agreement,

which is not contained in the Loan Agreement, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

28. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditor and its successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Creditor. If the Debtor or the Creditor is an individual, then the term "Debtor" or "Creditor", as applicable, will also include his or her heirs, administrators and executors.

29. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

30. Counterparts. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[signature page follows]

Dated as of the date first written above.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Geoff Benic
Per: E39A9096B9844F4...
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: 7083A185A879460...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

Address:
Facsimile:
E-Mail:

Schedule A

Location of Debtor's principal place of business

Ontario

Locations of Debtor's Real Property

Paris Licensed Facility (20 Woodslee Avenue, Paris, Ontario)

Locations where Debtor has Personal Property

378 South Service Road, Grimsby Ontario

20 Woodslee Avenue, Paris, Ontario

85 Basaltic Road, Concord, Ontario

2540 Regional Road 19, Blackstock, Ontario

36 York Mills Road, Suite 500/501 North York, Ontario

6 Logy Bay Road, St. John's, Newfoundland

5991 Spring Garden Road, Suite 440, Halifax, Nova Scotia

8-10 Rowan Street, Suite 206, Terrace on the Square, St. John's Newfoundland

11 Lakeside Terrace, Lower Level 03, Little Lake Health Centre, Barrie, Ontario


1385 Bank Street, Suite 305, Kilborn Medical Centre, Ottawa, Ontario

117 King Street East, 3rd Floor, Oshawa, Ontario

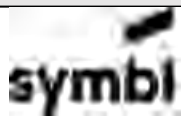
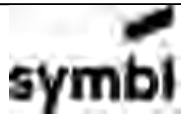


Motor Vehicles and Other Serial Numbered Goods

See Exhibit A: Paris Facility – Equipment List – with Serial Numbers

Intellectual Property Owned by Debtor

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
ATMOSPHERE	n/a	Emblem Cannabis Corporation	1912816	Canada	Pending
ATMOSPHERE LOGO		Emblem Cannabis Corporation	1965605	Canada	Pending

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
CHERRY HILL	n/a	Emblem Cannabis Corporation	1908460	Canada	Pending
DAY DREAM	n/a	Emblem Cannabis Corporation	1909433	Canada	Pending
DREAM WEAVER	n/a	Emblem Cannabis Corporation	1906474	Canada	Pending
EMBLEM	n/a	Emblem Cannabis Corporation	Application 1764946 Registration TMA972573	Canada	Registered
EMBLEM & Design		Emblem Cannabis Corporation	1887223	Canada	Registered
LIBERATION	n/a	Emblem Cannabis Corporation	1943165	Canada	Pending
PARADISE ISLAND	n/a	Emblem Cannabis Corporation	1908508	Canada	Registered
REVL	n/a	Emblem Cannabis Corporation	1947035`	Canada	Pending
SOLAR POWER	n/a	Emblem Cannabis Corporation	1906483	Canada	Pending
SYMBL	n/a	Emblem Cannabis Corporation	1898332	Canada	Pending

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
SYMBL (COLOUR) LOGO		Emblem Cannabis Corporation	1932742	Canada	Pending
SYMBL LOGO		Emblem Cannabis Corporation	1932741	Canada	Pending
THE EMBLEM LOGO		Emblem Cannabis Corporation	TMA969686	Canada	Registered
THE EMBLEM LOGO		Emblem Cannabis Corporation	1887222	Canada	Registered
WAVE RUNNER	n/a	Emblem Cannabis Corporation	1933892	Canada	Pending
YELLOW SUBMARINE	n/a	Emblem Cannabis Corporation	1908526	Canada	Pending
ZEN'S GARDEN	n/a	Emblem Cannabis Corporation	1908574	Canada	Pending

Jurisdictions of account debtors of the Debtor

Alberta, Ontario, British Columbia, Saskatchewan, Quebec

Legal entity	Name	Code	Make	Model	Serial Number
Emblem Cannabis Corporation	Paris Campus	PAR			
Emblem Cannabis Corporation	AHU03	PH1-CRT-RM116-AHU3	Venmar CES	VHC00798547 Custom	00798547-016409-2015031
Emblem Cannabis Corporation	AHU04	PH1-CRT-RM117-AHU4	Venmar CES	VHC00798548 Custom	00798548-016410-20150318
Emblem Cannabis Corporation	AHU05	PH1-CRT-RM118-AHU5	Venmar CES	VHC00798549 Custom	00798549-016411-20150317
Emblem Cannabis Corporation	EXT-02	PH2-RM155	ExtraktLab	Extrakt-140	SF-194
Emblem Cannabis Corporation	EXT-03	PHII-RM155	ExtraktLab	Extrakt-140	SFE-0195
Emblem Cannabis Corporation	Evap-01	PH II RM156	Thermal Kinetics	108-PK-01	1573
Emblem Cannabis Corporation	FACILITY	FACILITY	N/A	N/A	N/A
Emblem Cannabis Corporation	LADDERS, PARENT ASSET	Ladders			N/A
Emblem Cannabis Corporation	AHU01	PH1-ROOF-RM103-AHU01	Venmar CES	VHC36	00798545-016407-20150227
Emblem Cannabis Corporation	AHU01P3	PH3-MECHR-M-AHU01P3	Engineered Air	LM1/C	B57390
Emblem Cannabis Corporation	AHU02	PH1-ROOF-RM104-AHU2	Venmar CES	VHC42	00798546-016408-20150227
Emblem Cannabis Corporation	AHU06	PH1-BYD-RM128-AHU6	Venmar CES	VHC36	00798550-016412-20152702
Emblem Cannabis Corporation	AHU07	PH1-BYD-RM125-AHU7	Venmar CES	W-2-01e-wx-EC24-CS41-X-P	00800846-C06988
Emblem Cannabis Corporation	AHU08	PH1-ROOF-RM103-AHU8	Circulaire	Modular 202	E2014110015
Emblem Cannabis Corporation	AHU09	PH1-ROOF-RM104-AHU9	Circulaire	Modular 302	E2014110014
Emblem Cannabis Corporation	AHU14	PH1-ROOF-RM100-AHU14	Lennox	LGH072H4BH3J	N/A
Emblem Cannabis Corporation	AHU15	PH1-ROOF-RM102-AHU15	Lennox	LGH036H4ES3J	N/A
Emblem Cannabis Corporation	AHU16	PH1-ROOF-RM133-AHU16	Lennox	KGA092H4MSIJ	N/A
Emblem Cannabis Corporation	AHU17	PH1-ROOF-RM124-AHU17	Mitsubishi Electric	PUY-A36NHA4	N/A
Emblem Cannabis Corporation	AHU18	PH1-ROOF-RM124-AHU18	Mitsubishi Electric	PKA-AA36KA4	N/A
Emblem Cannabis Corporation	AHU19	PH1-ROOF-RM125B-AHU19	Mitsubishi Electric	PUZ-A18NHA4	N/A
Emblem Cannabis Corporation	AHU20	PH1-ROOF-RM125B-AHU20	Mitsubishi Electric	PEA-A18AA	N/A
Emblem Cannabis Corporation	AHU21	PH1-ROOF-RM126-AHU21	Mitsubishi Electric	PUZ-A18NHA4	N/A
Emblem Cannabis Corporation	AHU22	PH1-ROOF-RM126-AHU22	Mitsubishi Electric	PEA-A18AA	N/A
Emblem Cannabis Corporation	AHU23	PH1-WESTWALL-RM133-AHU23	Carrier	38MHR24A-3	1818V25183
Emblem Cannabis Corporation	AHU24	PH1-WESTWALL-RM133B-AHU24	Carrier	38MHR12A-3	1718V12421
Emblem Cannabis Corporation	AHU25	PH1-WESTWALL-RM133A-AHU25	Carrier	38MHR12A-3	1718V12420
Emblem Cannabis Corporation	AHU26	PH1-WESTWALL-RM105-AHU26	Mitsubishi Electric	PUY-A18NKA7	76U02801C
Emblem Cannabis Corporation	AIRD01	PH1-REARREC-AIRD01	Kaeser	HTRD35	1.00E+12
Emblem Cannabis Corporation	AUH13	PH1-BYD-RM128-AHU13	Circulaire	Modular 302	E2014110016
Emblem Cannabis Corporation	Auto-01	GMP micro lab facility	Benchmark	ste-16-m	N/A
Emblem Cannabis Corporation	BOL01	PH2-MECHR-M-BOL01	RBI	IB1000	16350123
Emblem Cannabis Corporation	BOL02	PH2-MECHR-M-BOL02	RBI	IB1000	16350141
Emblem Cannabis Corporation	BOL03	PH2-MECHR-M-BOL03	RBI	IB1000	15480196
Emblem Cannabis Corporation	Board Room 1	PH3-BRDR-1	N/A	N/A	N/A
Emblem Cannabis Corporation	CDU-1000	PH II GMP building	precision extract	cdu 1000	F418-9609
Emblem Cannabis Corporation	CHL01	PH2-MECHR-M-CHL01	Compax	CMS700F4-210X	033323-0317
Emblem Cannabis Corporation	CHL02	PH2-MECHR-M-CHL02	Compax	CMS700F4-210X	033323-0317
Emblem Cannabis Corporation	CHL03	PH2-MECHR-M-CHL03	Compax	CMS700F4-210X	033323-0317
Emblem Cannabis Corporation	CHL04	PH2-MECHR-M-CHL04	Compax	CMS700F4-210X	033323-0317
Emblem Cannabis Corporation	CHL05	PH2-MECHR-M-CHL05	Compax	CMS700F4-210X	033323-0317
Emblem Cannabis Corporation	CHL06	PH2-MECHR-M-CHL06	Compax	CMS700F4-210X	033323-0317
Emblem Cannabis Corporation	CHL07	PH2-MECHR-M-CHL07	Compax	CMS700F4-210X	033323-0317
Emblem Cannabis Corporation	CHL08	PH2-MECHR-M-CHL08	Compax	CMS700F4-210X	033323-0317
Emblem Cannabis Corporation	CHL09	PH1-ROOM131/132-CHL09	PolyScience	DTA504B	29964011905-190103027
Emblem Cannabis Corporation	COL01	PH2-ROOF-MECHROOM-COL01	Baltimore Air Coil	FXV-0809A-24T-L/Q	U175831001-01-01
Emblem Cannabis Corporation	DEHUMID-01	PHII - GMP building	noma	043-5795-6	043-5795-6
Emblem Cannabis Corporation	DEHUMID-02	A1037	Quest	Hi-E DRY 195	N/A
Emblem Cannabis Corporation	DPT-0120	PH II RM156	Rosemount	2051CD2A22A1AS2KB	N/A
Emblem Cannabis Corporation	EF01P3	PH3-CHANGEROOM-EF01P3	Green Heck	BSQ-130-10	N/A
Emblem Cannabis Corporation	EF02P3	PH3-MUAROUM-EF02P3	Green Heck	BSQ-80-10	15693144
Emblem Cannabis Corporation	EF04P3	PH3-LOADINGDOOR-EF04P3	Green Heck	BSQ-160HP-5-X	15693149
Emblem Cannabis Corporation	EF05P3	PH3-SPRINKLERROOM-EF05P3	Green Heck	ESQ-90-4-X	15693151
Emblem Cannabis Corporation	EF06P3	PH3-PLATFORMNORTH-EF06P3	Green Heck	BSQ-140-10-X	15693153
Emblem Cannabis Corporation	EF07P3	PH3-15TFLOORCEILING-EF07P3	Green Heck	BSQ-70-4	N/A
Emblem Cannabis Corporation	EF09P3	PH3-PLATFORMNORTH	Green Heck	BSQ-70-4-X	15693156
Emblem Cannabis Corporation	EF10P3	PH3-JANITORROOM-EF10P3	Green Heck	BSQ-70-4	N/A
Emblem Cannabis Corporation	Eq supp 15	supp15	test	test	test
Emblem Cannabis Corporation	FCU01	PH1-MECHCOR-RM136-FCU01	Environmental Systems Corp	AHU3000-EC-CWHW-460-L	16-0012-1
Emblem Cannabis Corporation	FCU02	PH1-MECHCOR-RM136-FCU02	Environmental Systems Corp	AHU3000-EC-CWHW-460-L	16-0012-2
Emblem Cannabis Corporation	FCU03	PH1-MECHCOR-RM135-FCU03	Environmental Systems Corp	AHU3000-EC-CWHW-460-L	16-0012-3
Emblem Cannabis Corporation	FCU04	PH1-MECHCOR-RM135-FCU04	Environmental Systems Corp	AHU3000-EC-CWHW-460-L	16-0012-4
Emblem Cannabis Corporation	FCU05	PH1-MECHCOR-RM134-FCU05	Environmental Systems Corp	AHU3000-EC-CWHW-460-L	16-0012-5
Emblem Cannabis Corporation	FCU06	PH1-MECHCOR-RM134-FCU06	Environmental Systems Corp	AHU3000-EC-CWHW-460-L	16-0012-6
Emblem Cannabis Corporation	FLW116	PH1-FLW-RM116	N/A	N/A	N/A
Emblem Cannabis Corporation	FLW116	PH1-RM116-FLW116	Flower Room		N/A
Emblem Cannabis Corporation	FLW117	PH1-RM117-FLW117	Flower Room		N/A
Emblem Cannabis Corporation	FLW118	PH1-RM118-FLW118	Flower Room		N/A
Emblem Cannabis Corporation	FLW134	PH1-RM134-FLW134	Flower Room		N/A
Emblem Cannabis Corporation	FLW135	PH1-RM135-FLW135	Flower Room		N/A
Emblem Cannabis Corporation	FLW136	PH1-RM136-FLW136	Flower Room		N/A
Emblem Cannabis Corporation	GEN01	PH1-ELECTRM-GEN01	KOHLER	800REOZMD	SGM32DPRH
Emblem Cannabis Corporation	HET01	PH1-RM113-HET01	Schwank	SETU 110/75	N/A
Emblem Cannabis Corporation	HET02	PH1-RM121-HET02	Schwank	SETU 130/90	N/A
Emblem Cannabis Corporation	HET03	PH1-RM122-HET03	Schwank	SETU 80/60	N/A
Emblem Cannabis Corporation	HET04	PH1-RM105-HET04	Reznor	3TCore2 UDAP60	N/A
Emblem Cannabis Corporation	HET05	PH1-RM119-HET05	Reznor	3TCore2 UDAP60	N/A
Emblem Cannabis Corporation	HFC01P1	PH1-RM116-HFC01P1	Engineered Air	LM3/C	B56594 HFC-3
Emblem Cannabis Corporation	HFC01P3	PH3-MECHR-M-HFC01P3	Engineered Air	HFC-3	T14168H-HFC-1
Emblem Cannabis Corporation	HFC02P1	PH1-RM116-HFC02P1	Engineered Air	LM3/C	B56594 HFC-4
Emblem Cannabis Corporation	HFC02P3	PH3-MECHR-M-HFC02P3	Engineered Air	HFC-4	T14168H-HFC-2
Emblem Cannabis Corporation	HFC03P1	PH1-RM117-HFC03P1	Engineered Air	LM3/C	B56594 HFC-1
Emblem Cannabis Corporation	HFC03P3	PH3-MECHR-M-HFC03P3	Engineered Air	HFC-6	T14168H-HFC-3
Emblem Cannabis Corporation	HFC04P1	PH1-RM117-HFC04P1	Engineered Air	LM3/C	B56594 HFC-6
Emblem Cannabis Corporation	HFC04P3	PH3-MECHR-M-HFC04P3	Engineered Air	HFC-8	T14168H-HFC-4
Emblem Cannabis Corporation	HFC05P1	PH1-RM118-HFC05P1	Engineered Air	LM3/C	B56594 HFC-5
Emblem Cannabis Corporation	HFC05P3	PH3-MECHR-M-HFC05P3	Engineered Air	HFC-3	T14168H-HFC-5
Emblem Cannabis Corporation	HFC06P1	PH1-RM118-HFC06P1	Engineered Air	LM3/C	B56594 HFC-2
Emblem Cannabis Corporation	HFC06P3	PH3-MECHR-M-HFC06P3	Engineered Air	HFC-3	T14168H-HFC-6
Emblem Cannabis Corporation	HFC07P3	PH3-MECHR-M-HFC07P3	Engineered Air	HFC-6	T14168H-HFC-7
Emblem Cannabis Corporation	HFC08P3	PH3-MECHR-M-HFC08P3	Engineered Air	HFC-8	T14168H-HFC-8
Emblem Cannabis Corporation	HFC09P3	PH3-MECHR-M-HFC09P3	Engineered Air	HFC-6	T14168H-HFC-9
Emblem Cannabis Corporation	HFC10P3	PH3-MECHR-M-HFC10P3	Engineered Air	HFC-6	T14168H-HFC-10
Emblem Cannabis Corporation	HFC11P3	PH3-MECHR-M-HFC11P3	Engineered Air	HFC-6	T14168H-HFC-11
Emblem Cannabis Corporation	HFC12P3	PH3-MECHR-M-HFC12P3	Engineered Air	HFC-18	T14168H-HFC-12
Emblem Cannabis Corporation	HFC13P3	PH3-MECHR-M-HFC13P3	Engineered Air	HFC-2	T14168H-HFC-13
Emblem Cannabis Corporation	HFC14P3	PH3-MECHR-M-HFC14P3	Engineered Air	HFC-2	T14168H-HFC-14
Emblem Cannabis Corporation	HFC15P3	PH3-MECHR-M-HFC15P3	Engineered Air	HFC-2	T14168H-HFC-15
Emblem Cannabis Corporation	HFC16P3	PH3-MECHR-M-HFC16P3	Engineered Air	HFC-3	T14168H-HFC-16
Emblem Cannabis Corporation	HFC17P3	PH3-MECHR-M-HFC17P3	Engineered Air	HFC-6	T14168H-HFC-17
Emblem Cannabis Corporation	HFC18P3	PH3-MECHR-M-HFC18P3	Engineered Air	HFC-2	T14168H-HFC-18
Emblem Cannabis Corporation	HFC19P3	PH3-MECHR-M-HFC19P3	Engineered Air	HFC-6	T14168H-HFC-19
Emblem Cannabis Corporation	HUM01	PH1-RO-RM103-HUM01	Neptronics	SF SK314M-600-3	14-4628386
Emblem Cannabis Corporation	HUM01-PH3	PH3-MECHR-M-HUM01	Engineered Air	SH-400	57380 H-1
Emblem Cannabis Corporation	HUMIDIFIER	PH1-Humid			N/A
Emblem Cannabis Corporation	MUA01P1	PH1-ROOF-HALLS-MUA01P1	Engineered Air	FWE183/DJE60/0	M18246MUA-1
Emblem Cannabis Corporation	MUA01P3	PH3-MECHR-M-MUA01P3	Engineered Air	LM13/C	B57380MUA1
Emblem Cannabis Corporation	MUA02P3	PH3-MECHR-M-MUA02P3	Engineered Air	LM6/C	LM6/C
Emblem Cannabis Corporation	New Equipment #A855	A855			N/A
Emblem Cannabis Corporation	PH1-RM118-HFC03P1	PH1-RM118-HFC03P1	N/A	N/A	N/A
Emblem Cannabis Corporation	PH1RO/UV/IRRIGATION	PH1-PH1RO/UV/IRRIGATION			N/A
Emblem Cannabis Corporation	PH2MECHR-M	PH2-PH2MECHR-M			N/A
Emblem Cannabis Corporation	PH3MECHR-M	PH3-PH3MECHR-M			N/A
Emblem Cannabis Corporation	PUM01	PH1-ELECTRM-PUM01	Arnstrong	Pumping Unit	4380VS-8"
Emblem Cannabis Corporation	PUM01A	PH2-MECHR-M-PUM01A	Arnstrong Primary	DE4300 0611-020.0	828442
Emblem Cannabis Corporation	PUM01B	PH2-MECHR-M-PUM01B	Arnstrong Primary	DE4300 0611-020.0	828443
Emblem Cannabis Corporation	PUM02A	PH2-MECHR-M-PUM02A	Arnstrong	DE4300 0611-020.0	828783
Emblem Cannabis Corporation	PUM02B	PH2-MECHR-M-PUM02B	Arnstrong	DE4300 0611-020.0	828784
Emblem Cannabis Corporation	PUM03A	PH2-MECHR-M-PUM03A	Arnstrong Codenser Water Pu	DE4300 0611-030.0	828445
Emblem Cannabis Corporation	PUM03B	PH2-MECHR-M-PUM03B	Arnstrong Codenser Water Pu	DE4300 0611-030.0	828444
Emblem Cannabis Corporation	Perimeter	Paris-Perimeter	N/A	N/A	N/A
Emblem Cannabis Corporation	PI-01	PH II RM156			N/A

Emblem Cannabis Corporation	PI-0112	PH II RM156			N/A
Emblem Cannabis Corporation	PI-0129	PH II RM156			N/A
Emblem Cannabis Corporation	RO	PH1-RO	Evoqua	Vantage M41RGP	N/A
Emblem Cannabis Corporation	RORM01	PH1-RO-RM01	N/A	N/A	N/A
Emblem Cannabis Corporation	Test Eq -1	Test Eq -1	test	test	test
Emblem Cannabis Corporation	Test Equipment -1	Test Equipment -1			N/A
Emblem Cannabis Corporation	Test Sandip	A1580	Venmar CES	VHC36	N/A
Emblem Cannabis Corporation	UVFLTR01	PH1-UVFLTR01			VDS 09/2017 084 E DESE
Emblem Cannabis Corporation	Validation Eq	AAAA-RM146	brevitas	test	zzzzz
Emblem Cannabis Corporation	WSD138	PH1-WSD-RM138	N/A	N/A	N/A
Emblem Cannabis Corporation	Water Softener	PH3-MECHR-M-WATER SOFTENER			
Emblem Cannabis Corporation	cooktop-01	PH II	heritage		23750 N/A
Emblem Cannabis Corporation	test today	A1578	Engineered Air	LM3/C	N/A
Emblem Cannabis Corporation	FU-02	PH II - RM154			
Emblem Cannabis Corporation	Full building alarm system test on a big	A1029	Security alarm		
Emblem Cannabis Corporation	O2 sensor-6	GMP PHII extraction	Gas Clip	SGC-O	sosI035553
Emblem Cannabis Corporation	SC-03	PH II - RM154			N/A
Emblem Cannabis Corporation	TR-01	PH II - RM154			N/A
Emblem Cannabis Corporation	16CF-02	PH1-RM154	Across International	AT160, C6000ZF	2018120057
Emblem Cannabis Corporation	16CF-1	PH1-RM154	AI	Accutemp 160-R	2016030257
Emblem Cannabis Corporation		19360	GMP		N/A
Emblem Cannabis Corporation		19361	GMP		N/A
Emblem Cannabis Corporation		19366	RM148		N/A
Emblem Cannabis Corporation		19367	RM148		N/A
Emblem Cannabis Corporation		19368	RM148		N/A
Emblem Cannabis Corporation	75CF-01	PH1-RM133A	Across International	AccuTemp-75ar	2017050087
Emblem Cannabis Corporation	A&D 1200-1	PH1-131	A&D	1200 INC	16311842
Emblem Cannabis Corporation	A&D 1200-2	PH1-126 - Pre-Roll	A&D	1200 INC	16311452
Emblem Cannabis Corporation	A&D 1200-3	PH1-126 - Pre-Roll	A&D	1200 INC	15631427
Emblem Cannabis Corporation	A&D 1200-4	PH1-126 - Packaging / 133 - Rec Pack	A&D	1200 INC	15631425
Emblem Cannabis Corporation	A&D 1200-5	PH1-133 - Rec Pack	A&D	1200 INC	16314041
Emblem Cannabis Corporation	A&D 1200-6	PH1-RM126	A&D	1200INC	16311841
Emblem Cannabis Corporation	A&D 1200-7	PH1-RM126	A&D	1200INC	16311581
Emblem Cannabis Corporation	A&D 1200-9	RM143	A&D	1200INC	15657757
Emblem Cannabis Corporation	A&D 300-10	PHII-RM148	A&D	300 INC	16316710
Emblem Cannabis Corporation	A&D 300-11	PHII-rm148	A&D	300 INC	16316705
Emblem Cannabis Corporation	A&D 300-12	PHII-rm148	A&D	300 INC	16316714
Emblem Cannabis Corporation	A&D 300-13	PHII-rm148	A&D	300 INC	16316742
Emblem Cannabis Corporation	A&D 300-14	RM148	A&D	300 INC	16324230
Emblem Cannabis Corporation	A&D 300-15	RM148	A&D	300 INC	16321476
Emblem Cannabis Corporation	A&D 300-16	RM148	A&D	300 INC	16321477
Emblem Cannabis Corporation	A&D 300-17	RM148	A&D	300 INC	16324151
Emblem Cannabis Corporation	A&D 300-18	RM148	A&D	300 INC	16324153
Emblem Cannabis Corporation	A&D 300-19	RM148	A&D	300 INC	16321516
Emblem Cannabis Corporation	A&D 300-20	RM148	A&D	300 INC	16321518
Emblem Cannabis Corporation	A&D 300-21	RM148	A&D	300 INC	16324111
Emblem Cannabis Corporation	A&D 300-22	RM148	A&D	300INC	15649790
Emblem Cannabis Corporation	A&D 300-23	RM148	A&D	300INC	15651354
Emblem Cannabis Corporation	A&D 300-4	PHII-rm148	A&D	300 INC	16317138
Emblem Cannabis Corporation	A&D 300-6	PHII-rm148	A&D	300 INC	16316715
Emblem Cannabis Corporation	A&D 300-7	PHII-rm148	A&D	300 INC	16316729
Emblem Cannabis Corporation	A&D 300-8	PHII-rm148	A&D	300 INC	16316698
Emblem Cannabis Corporation	A&D 300-9	PHII-rm148	A&D	300 INC	16316700
Emblem Cannabis Corporation	A&D1200-8	RM143	A&D	1200INC	15657751
Emblem Cannabis Corporation	ABAL-1	PH1-131/132	Sartorius	Quintix	34550160
Emblem Cannabis Corporation	ABAL-2	PH1-RM133B	Sartorius	Secura	35750045
Emblem Cannabis Corporation	ABAL-400-1	PH3-QA dep't	ohaus	AX423N/E	b518886881
Emblem Cannabis Corporation	ABAL-620-1	RM138			3930521
Emblem Cannabis Corporation	ATP-01	PHII QA dep't	Hygiena	Ensure	81244
Emblem Cannabis Corporation	AW-01	Cultivation	Rotronic	hp23-aw-a	61788896
Emblem Cannabis Corporation	AW-1	A1030	A&D	1200 INC	N/A
Emblem Cannabis Corporation	All OceaSoft Dataloggers in GMP facility	A881	OceaSoft	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	All Scales/Balances	A873	A&D	1200 INC	N/A
Emblem Cannabis Corporation	All fumehood/biosafety cabinet	A1635	Mystaire	MY-ISL36P1	N/A
Emblem Cannabis Corporation	All gauges 10 - 27	GMP phase II	DWYER	2300-0	N/A
Emblem Cannabis Corporation	BA-01	PH1-RM124	ATG Pharma		129481F04
Emblem Cannabis Corporation	BAS RH/Temp sensor	PH I Paris grow rooms/soft chew/bath bom	Greystone energy systems inc	htrc2lv	13V132
Emblem Cannabis Corporation	BATH-01	PH1-RM131/132	JIEOTECH	BW-20E	N109131
Emblem Cannabis Corporation	BLP-01	PHII-rm148	TOSHIBA	B-EX4T1-GS12-QM-R	2317D220711
Emblem Cannabis Corporation	BS-04	PH1			7D00-DE0004
Emblem Cannabis Corporation	Bio-digester-01	PH1-Room 122	Bio Tech	bs-m4	3001501-xx-001
Emblem Cannabis Corporation	Biocabinet-1	PHII GMP RM162			2019-142015
Emblem Cannabis Corporation	Blender-01	PH I RM133	Oster	blender	N/A
Emblem Cannabis Corporation	Blender-02	RM133	Sammic	Sammic XM-12	N/A
Emblem Cannabis Corporation	Blender-03	RM133	Cuisinart		N/A
Emblem Cannabis Corporation	Blister-01	PH II RM163	Mactec		20-011
Emblem Cannabis Corporation	CAP-01	PH1-RM133B	Kinex	SD	10807
Emblem Cannabis Corporation	CAP-02	PH1-RM133B	Kinex	SA2000	3402
Emblem Cannabis Corporation	CAP-03	RM167	Kinex	SA2000	3814
Emblem Cannabis Corporation	CAPPER-001	PH1	ATG Pharma	ACT100	109461F02-1
Emblem Cannabis Corporation	CBAL-1	PH1-Water Tanks (Ample Computer)	Ohaus	Scout SPX421	N/A
Emblem Cannabis Corporation	CBAL-1	PH1-water tanks	ohause	scout spx421	8339317691
Emblem Cannabis Corporation	CENT-1	PH1-RM131	VWR	Clinical 200	N/A
Emblem Cannabis Corporation	CENT-2	PH1-RM131	Eppendorf		N/A
Emblem Cannabis Corporation	CFS-01	GMP PH II	Capsugel	CFS1200	CFS12008618
Emblem Cannabis Corporation	CHUCK-01	PH1-RM133B	MesaLabs		55.001495
Emblem Cannabis Corporation	CO2CAGE-01	PHII			
Emblem Cannabis Corporation	CO2M-1	PH1-RM131/132			
Emblem Cannabis Corporation	CO2M-2	PH1-RM131/132			
Emblem Cannabis Corporation	COATER-01	GMP Building PHII	chemstruments	lc-100	10479
Emblem Cannabis Corporation	COMIL-197	PH1-RM124	Quadro Engineering Inc	#197	197-1130-2002
Emblem Cannabis Corporation	CONT-001	PH1	ATG Pharma	ZCP12KK10	090819-03
Emblem Cannabis Corporation	CONT-002	PH1	ATG Pharma	ZCP12KK10	090819-02
Emblem Cannabis Corporation	CONVEYOR-01	PHII-Room148	Galick	174102-00	N/A
Emblem Cannabis Corporation	COUNT-01	PHII-RM148	ATG	ATC-100	128884F03
Emblem Cannabis Corporation	CUTTER-01	PHII-GMP	Dedy	Confectionery Guitar Cutter - 5mm ba	N/A
Emblem Cannabis Corporation	CalCheck - 01	PH II GMP building	Hygiena	Ensure	N/A
Emblem Cannabis Corporation	Cartridge-01	RM143-PH3	Thompson Duke Industrial	MCF1 Semi-Automatic Cartridge Filler	M10855
Emblem Cannabis Corporation	Chill-01	GMP PH II Winterization RM			S170007892
Emblem Cannabis Corporation	Chill-02	PH II - RM154	PolyScience	DTA504B-P	28985011903-180703829
Emblem Cannabis Corporation	Chuck-02	A798	N/A	N/A	N/A
Emblem Cannabis Corporation	Chuck-03	A1298	N/A	N/A	N/A
Emblem Cannabis Corporation	Chuck-04	PH II RM167	N/A	N/A	N/A
Emblem Cannabis Corporation	Compressed air testing	PH II GMP building			
Emblem Cannabis Corporation	DATL-018	PH3-QA dep't	omega	om-hl-eh-tc-k-cal	hlehtc0745
Emblem Cannabis Corporation	DATL-019	PH3-QA dep't	omega	om-hl-eh-tc-k-cal	hlehtc0746
Emblem Cannabis Corporation	DATL-020	PH3 - QA dep't	omega	om-hl-eh-tc-k-cal	hlehtc0105
Emblem Cannabis Corporation	DATL-021	PH3-QA dep't	omega	om-hl-eh-tc-k-cal	hlehtc0098
Emblem Cannabis Corporation	DATL-022	PH3-QA dep't	Omega Engineering	OM-HL-EH-TC-K-CAL	HLEHTC0066
Emblem Cannabis Corporation	DFB-01	PH II GMP	JAS Filtration		N/A
Emblem Cannabis Corporation	DISS-01	PH1-RM131	Agilent		N/A
Emblem Cannabis Corporation	DIST-01	PH1-RM131	Agilent		N/A
Emblem Cannabis Corporation	DSR-06	PH1			7250-SR0006
Emblem Cannabis Corporation	DSR-S-01	PH1			7250-SR0001
Emblem Cannabis Corporation	DatI-01	PH3-GMP Facility	OceaSoft	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	DatI-02	PH3-GMP Facility	OceaSoft	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	DatI-023	PH3-QA Dep't	Omega Engineering	OM-CP-RHTemp101A	R24302
Emblem Cannabis Corporation	DatI-024	PH3-QA Dep't	Omega Engineering	OM-CP-RHTemp101A	R24305
Emblem Cannabis Corporation	DatI-025	PH3-QA Dep't	Omega Engineering	OM-CP-RHTemp101A	R24219
Emblem Cannabis Corporation	DatI-026	PH3-QA Dep't	Omega Engineering	OM-CP-RHTemp101A	R22805
Emblem Cannabis Corporation	DatI-027	PH3-QA Dep't	Omega Engineering	OM-CP-RHTemp101A	R25884
Emblem Cannabis Corporation	DatI-028	PH3-QA Dep't	Omega Engineering	om-cp-rhtemp101a	r26945
Emblem Cannabis Corporation	DatI-029	PH3-QA Dep't	Omega Engineering	om-cp-rhtemp101a	r26943
Emblem Cannabis Corporation	DatI-03	PH3-GMP Facility	OceaSoft	son.hyg.0001_temp_RH	N/A

Emblem Cannabis Corporation	Datl-030	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26942
Emblem Cannabis Corporation	Datl-031	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r25888
Emblem Cannabis Corporation	Datl-032	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r25891
Emblem Cannabis Corporation	Datl-033	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26944
Emblem Cannabis Corporation	Datl-034	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26940
Emblem Cannabis Corporation	Datl-035	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26964
Emblem Cannabis Corporation	Datl-036	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26932
Emblem Cannabis Corporation	Datl-037	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26965
Emblem Cannabis Corporation	Datl-038	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26925
Emblem Cannabis Corporation	Datl-039	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26926
Emblem Cannabis Corporation	Datl-04	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-040	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26955
Emblem Cannabis Corporation	Datl-041	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26956
Emblem Cannabis Corporation	Datl-042	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26931
Emblem Cannabis Corporation	Datl-043	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26948
Emblem Cannabis Corporation	Datl-044	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26949
Emblem Cannabis Corporation	Datl-045	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26960
Emblem Cannabis Corporation	Datl-046	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26930
Emblem Cannabis Corporation	Datl-047	PH3-QA Dep't	Omega Engineering	om-cp-rhemp101a	r26957
Emblem Cannabis Corporation	Datl-048	A848	Omega	om-cp-rhemp101a	r26953
Emblem Cannabis Corporation	Datl-049	A847	Omega Engineering	om-cp-rhemp101a	r26954
Emblem Cannabis Corporation	Datl-05	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-050	A882	Omega Engineering	om-cp-rhemp101a	r29524
Emblem Cannabis Corporation	Datl-051	A883	Omega Engineering	om-cp-rhemp101a	r29684
Emblem Cannabis Corporation	Datl-052	A884	Omega Engineering	om-cp-rhemp101a	r29686
Emblem Cannabis Corporation	Datl-053	GMP	Rotronic	HL-1d	a20021794
Emblem Cannabis Corporation	Datl-054	PH I RM127/124	Rotronic	HL-1d	
Emblem Cannabis Corporation	Datl-055	Retain RM	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-06	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-07	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-08	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-09	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-10	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-11	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-12	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-13	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-14	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-15	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-16	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-17	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-18	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-19	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-20	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-21	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Datl-22	PH3-GMP Facility	Oceasoftware	son.hyg.0001_temp_RH	N/A
Emblem Cannabis Corporation	Dcalip02	PH3-QC	UltraTech Tool System	no.147 (UPS01470)	N/A
Emblem Cannabis Corporation	EE-01	PH1	Evolved Extraction Solutions		N/A
Emblem Cannabis Corporation	ENERCON-01	PHII-Room148	Enercon	LM5609-06	144264-1-1
Emblem Cannabis Corporation	EXT-01	PH1-RM131/132	EXTRAKTLAB	EXTRAKT	20160713
Emblem Cannabis Corporation	FDH-07	PH1			7250-FF0007
Emblem Cannabis Corporation	FRZR-1	PH1-RM132	Thermo	20LFEETSA	1.59E+14
Emblem Cannabis Corporation	FRZR-80	PHII - RM157	Haier	DW-86L578A	BE0H1 4E1T0 QQGHG Q0003
Emblem Cannabis Corporation	FUME-1	PHII GMP-RM121	Mystaire	MY-ISL36P1	223
Emblem Cannabis Corporation	FUME-4	RM121	Mystaire	MY-ISL36P1	
Emblem Cannabis Corporation	Fridge-01	RM148			
Emblem Cannabis Corporation	GC-1	PH1-RM131	Agilent	7890B-7697A	
Emblem Cannabis Corporation	GL-1860-01	PH1-RM133B	N/A	N/A	N/A
Emblem Cannabis Corporation	GL-1860-02	PH1-RM133B	N/A	N/A	N/A
Emblem Cannabis Corporation	GL18C-01	PH1-RM133B			N/A
Emblem Cannabis Corporation	GL18C-02	PH1-RM133b			N/A
Emblem Cannabis Corporation	GL18GB-01	PH3-RM167	MesaLabs	52.10003	MTGB-3049
Emblem Cannabis Corporation	GL20C-01	PH1-RM133b			N/A
Emblem Cannabis Corporation	GPDH-06	PH1			7250-HG0006
Emblem Cannabis Corporation	GPHD-02	PH1			7250-HG0002
Emblem Cannabis Corporation	GRINDER-02	PHII-RM148	Futurola		12665 FR211
Emblem Cannabis Corporation	GRINDER-03	PHII-RM148	shingle manufacturing inc		
Emblem Cannabis Corporation	Gauge - 01	PH1-RM133b			N/A
Emblem Cannabis Corporation	Gauge - 02	PH1-RM133			N/A
Emblem Cannabis Corporation	Gauge - 03	PH1 - RM133b			N/A
Emblem Cannabis Corporation	Gauge - 04	PH II			N/A
Emblem Cannabis Corporation	Gauge - 05	Cultivation/grow room	dwyer	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 06	Cultivation/grow room	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 07	cultivation room/grow room	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 08	cultivation/grow room	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 09	cultivation/grow room	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 10	PH II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 11	Phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 12	PH II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 13	Phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 14	Phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 15	PH II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 16	phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 17	Phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 18	Phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 19	Phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 20	Phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 21	Phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 22	Phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 23	Phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 24	Phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 25	Phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 26	Phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gauge - 27	Phase II GMP	DWYER	2300-0	N/A
Emblem Cannabis Corporation	Gold Bottle - 01	PH3-RM167	Mesa Labs	NA	MTGB-3116
Emblem Cannabis Corporation	Grow table in Paris Facility	PH I Grow rooms			
Emblem Cannabis Corporation	HEATM-01	PH1-RM131/132	Glas-Col	100B TM118	21902978
Emblem Cannabis Corporation	HEATM-02	PH1-RM131/132	Glas-Col	110B TM110	21907524
Emblem Cannabis Corporation	HEPA Filters	A871	Filtration Group (www.filtera	45807P1	
Emblem Cannabis Corporation	HEPA01	PH3-RM121	Filtration Group (www.filtera	45807P1	1230196
Emblem Cannabis Corporation	HEPA02	PH3-RM121	Filtration Group (www.filtera	45807P1	1230179
Emblem Cannabis Corporation	HEPA03	PH3-RM161	Filtration Group (www.filtera	45808P1	1188889
Emblem Cannabis Corporation	HEPA04	PH3-RM157	Filtration Group (www.filtera	45807P1	1188227
Emblem Cannabis Corporation	HEPA05	PH3-RM157	Filtration Group (www.filtera	45807P1	1188241
Emblem Cannabis Corporation	HEPA06	PH3-RM158	Filtration Group (www.filtera	45807P1	1188896
Emblem Cannabis Corporation	HEPA07	PH3-RM156	Filtration Group (www.filtera	45807P1	1188242
Emblem Cannabis Corporation	HEPA08	PH3-RM156	Filtration Group (www.filtera	45807P1	1188239
Emblem Cannabis Corporation	HEPA09	PH3-RM153	Filtration Group (www.filtera	45808P1	1188883
Emblem Cannabis Corporation	HEPA10	PH3-RM159	Filtration Group (www.filtera	45808P1	1188890
Emblem Cannabis Corporation	HEPA11	PH3-RM155	Filtration Group (www.filtera	45807P1	1188284
Emblem Cannabis Corporation	HEPA12	PH3-RM155	Filtration Group (www.filtera	45807P1	1188257
Emblem Cannabis Corporation	HEPA13	PH3-RM154	Filtration Group (www.filtera	45807P1	1188233
Emblem Cannabis Corporation	HEPA14	PH3-RM154	Filtration Group (www.filtera	45807P1	1188254
Emblem Cannabis Corporation	HEPA15	PH3-RM152	Filtration Group (www.filtera	45807P1	1188232
Emblem Cannabis Corporation	HEPA16	PH3-RM152	Filtration Group (www.filtera	45807P1	1188259
Emblem Cannabis Corporation	HEPA17	PH3-RM164	Filtration Group (www.filtera	45808P1	1188881
Emblem Cannabis Corporation	HEPA18	PH3-RM168	Filtration Group (www.filtera	45808P1	1188880
Emblem Cannabis Corporation	HEPA19	PH3-RM168	Filtration Group (www.filtera	45808P1	1188882
Emblem Cannabis Corporation	HEPA20	PH3-RM167	Filtration Group (www.filtera	45807P1	1188273
Emblem Cannabis Corporation	HEPA21	PH3-RM167	Filtration Group (www.filtera	45807P1	1188229
Emblem Cannabis Corporation	HEPA22	PH3-RM165	Filtration Group (www.filtera	45807P1	1188228
Emblem Cannabis Corporation	HEPA23	PH3-RM165	Filtration Group (www.filtera	45807P1	1188230
Emblem Cannabis Corporation	HEPA24	PH3-RM163	Filtration Group (www.filtera	45807P1	1188226
Emblem Cannabis Corporation	HEPA25	PH3-RM160	Filtration Group (www.filtera	45807P1	1188253
Emblem Cannabis Corporation	HEPA26	PH3-RM159	Filtration Group (www.filtera	45808P1	1188893

Emblem Cannabis Corporation	HEPA27	PH3-RM159	Filtration Group (www.filtera	45808PI		1188888
Emblem Cannabis Corporation	HEPA28	PH3-RM155	Filtration Group (www.filtera	45808PI		1188897
Emblem Cannabis Corporation	HEPA29	PH3-RM156	Filtration Group (www.filtera	45808PI		1188894
Emblem Cannabis Corporation	HEPA30	PH3-RM156	Filtration Group (www.filtera	45808PI		1188886
Emblem Cannabis Corporation	HEPA31	PH3-RM157	Filtration Group (www.filtera	45807PI		1188878
Emblem Cannabis Corporation	HEPA32	PH3-RM162	Filtration Group (www.filtera	45807PI		1188895
Emblem Cannabis Corporation	HEPA33	PH3-RM162	Filtration Group (www.filtera	45807PI		1188891
Emblem Cannabis Corporation	HEPA34	PH II GMP quarantine area	JAS filtration			
Emblem Cannabis Corporation	HM-01	PH1-RM131	Silverson	L5M-A		37132
Emblem Cannabis Corporation	HPLC-02	PH1-RM131	Waters	ARC	N/A	
Emblem Cannabis Corporation	HPLC-1	PH1-RM131	Shimadzu	LC-2040C 3D	L21515300403	
Emblem Cannabis Corporation	HYDR-01	PH1-RM131	Zeal Manufacturing			18.886034
Emblem Cannabis Corporation	HYDR-1	PH II GMP building	zeal		18/886034	
Emblem Cannabis Corporation	INCIN-1	Phase I - RM136	Airfree	Airfree Air Purifier Onix 3000	722000522c	
Emblem Cannabis Corporation	INCIN-2	Phase I - RM136	Airfree	Airfree Air Purifier Onix 3000	722000523c	
Emblem Cannabis Corporation	INCIN-3	Phase I - RM136	Airfree	Airfree Air Purifier Onix 3000	722000383c	
Emblem Cannabis Corporation	INCIN-4	Phase I - RM135	Airfree	Airfree Air Purifier Onix 3000	722000382c	
Emblem Cannabis Corporation	INCIN-5	Phase I - RM135	Airfree	Airfree Air Purifier Onix 3000	722000379c	
Emblem Cannabis Corporation	INCIN-6	Phase I - RM135	Airfree	Airfree Air Purifier Onix 3000	722000525c	
Emblem Cannabis Corporation	INCIN-7	Phase I - RM118	Airfree	Airfree Air Purifier Onix 3000	722000412c	
Emblem Cannabis Corporation	INCIN-8	Phase I - RM118	Airfree	Airfree Air Purifier Onix 3000	722000381c	
Emblem Cannabis Corporation	INTERTEK-01	PHII-RM148	Intertek	H915		8183189527
Emblem Cannabis Corporation	INTERTEK-02	PHII-RM148	Intertek	H915		8183189527
Emblem Cannabis Corporation	INTERTEK-03	PHII-RM148	Intertek	H915		8183189527
Emblem Cannabis Corporation	INTERTEK-04	PHII-RM148	Intertek	H915		8183189527
Emblem Cannabis Corporation	IRTherm-01	PH1	milwaukee	2267-20	g86a9154301094	
Emblem Cannabis Corporation	IRTherm-02	PH2	taylor		9523	105340
Emblem Cannabis Corporation	IRTherm-03	Extraction	Milwaukee	2267-20	g86a9203400624	
Emblem Cannabis Corporation	Incu-01	PH3-GMP Facility RM138	VWR	89511-426		42541462
Emblem Cannabis Corporation	Incu-02	PH3-GMP Facility RM162	VWR	89511-426		42541466
Emblem Cannabis Corporation	KF-1	PH1-RM131	Metrohm	915 KF Ti-Touch		15147
Emblem Cannabis Corporation	KNOCKBOX-01	RM148	Futurola			
Emblem Cannabis Corporation	KNOCKBOX-02	RM148	Futurola		1903-12655	
Emblem Cannabis Corporation	KNOCKBOX-03	RM-148	Futurola		1801-08256	
Emblem Cannabis Corporation	KNOCKBOX-04	RM-148	Futurola		1802-09373	
Emblem Cannabis Corporation	Kettle-01	RM133	Buzz Equipment	EL		
Emblem Cannabis Corporation	LABEL-002	PH1-RM133b/c	ATG Pharma	ALR1000	109582F01-2	
Emblem Cannabis Corporation	LABEL-003	PH II RM148	Herma	652c		80002650
Emblem Cannabis Corporation	LBLA-01	PH1-RM133	Label Accessories Inc	GLR-50	RC073810	
Emblem Cannabis Corporation	Label-01	PH1-RM133B	ATG Pharma	ALT 1000	12488F03-1	
Emblem Cannabis Corporation	MBAL-1	PH1-131/132	Sartorius	MA37-1		34504329
Emblem Cannabis Corporation	MBAL-2	PH1-125 - Drying	Sartorius	MA37-1		35205054
Emblem Cannabis Corporation	MBAL-3	PH3-RM126	OHAUS	MB25	b534336717	
Emblem Cannabis Corporation	MET-001	PH1-RM131/132				11703508
Emblem Cannabis Corporation	MET-002	QA Metrology Cabinet	REED	R7100		190429541
Emblem Cannabis Corporation	MET-003	A1025	Li-Cor	Li-250A/quantum		44013005
Emblem Cannabis Corporation	MILL-02	PHII-RM154	Quadro Engineering Inc	NA	194-2038	
Emblem Cannabis Corporation	MIX-01	PH1-RM131/132	Caframo Lab Solutions	BDC1850		200203377
Emblem Cannabis Corporation	MIX-03	PH3-RM165	SPXFLOW	2540F149		1.00E+12
Emblem Cannabis Corporation	MIX-04	PHII-GMP building	Hobart	h200	31-1599-719	
Emblem Cannabis Corporation	MIX-05	RM133	savage bros co		2410	118706
Emblem Cannabis Corporation	MIX-06	RM131	Eurodib	M20-ETL		
Emblem Cannabis Corporation	MIX-07	RM133	Simplicite			
Emblem Cannabis Corporation	MIX0-02	PH1-RM133B	Arrow ENG		2000	VW1311131
Emblem Cannabis Corporation	MK-01	PH1-RM133B	MesaLabs	MTT01-50		3870409
Emblem Cannabis Corporation	Mobius Trimmer - 01	PH1-Room 138	Mobius	M108		54
Emblem Cannabis Corporation	Monoblox-01	RM138	ATG Pharma			
Emblem Cannabis Corporation	Monthly download and report of Ocea	A1570	Oceasoft			N/A
Emblem Cannabis Corporation	Multichannel datalogger datl	PH3 - QA dept	omega	om-hl-eh-tc-k-cal		N/A
Emblem Cannabis Corporation	N2PR-01	PH1-RM133B	FESTO			N/A
Emblem Cannabis Corporation	N2R-01	PH1-RM133B	Praxair	PRS301233		N/A
Emblem Cannabis Corporation	NIR	PHII - RM148	nmnm	,mnmnmnm		132242
Emblem Cannabis Corporation	O2 sensor	PH II GMP	Gas Clip	SGC-O	sosk425076	
Emblem Cannabis Corporation	O2 sensor-2	RM133	Gas Clip	SGC-O	sosI035566	
Emblem Cannabis Corporation	O2 sensor-3	RM133	Gas Clip	SGC-O	sosI035522	
Emblem Cannabis Corporation	O2 sensor-4	PH II GMP extraction	Gas Clip	SGC-O	sosI035502	
Emblem Cannabis Corporation	O2 sensor-5	GMP PHII extraction	Gas Clip	SGC-O	sosI035483	
Emblem Cannabis Corporation	O2 sensor-7	GMP PHII extraction	Gas Clip	SGC-O	sosI035530	
Emblem Cannabis Corporation	O2M-1	PH1-RM131/132				J617-X033095, GAXT-X-DL-2, CP287377, KTL12-KB480-0199
Emblem Cannabis Corporation	OBSOLETE - EXT-02	PH2-RM131	ExraktLab	Exrakt-140	SF-194	
Emblem Cannabis Corporation	OBSOLETE - EXT-03	PH3-RM155	ExraktLab	Exrakt-140	SFE-0195	
Emblem Cannabis Corporation	OVEN-004	PH3-RM156 decarb mill	Across International	Accutemp-160		2018120051
Emblem Cannabis Corporation	Oceasoft differential pressure pd	A872	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	Omega dual temp/RH dataloggers	A1268	omega			N/A
Emblem Cannabis Corporation	Omron E5CC	PH II RM165				N/A
Emblem Cannabis Corporation	Orbis-01	GMP Facility PHII RM167	mcmesin	N/A	N/A	
Emblem Cannabis Corporation	PBAL-1100-1	RM133	Sartorius	practum 1102-15		39650031
Emblem Cannabis Corporation	PBAL-12-1	PH1-125 - Drying	A&D	A&D GP-12K		14731919
Emblem Cannabis Corporation	PBAL-12-2	RM138				41401762
Emblem Cannabis Corporation	PBAL-1200-1	Room-138	Just Instruments Inc.	EJ-1202B	S200329494	
Emblem Cannabis Corporation	PBAL-15-1	PH1-RM126	Ohaus	Ranger 7000 - R71MH015	B50659907	
Emblem Cannabis Corporation	PBAL-15-2	PH1-122 - Destruction	Cole-Parmer	Symmetry 10000-53 DB-15	PL8709942	
Emblem Cannabis Corporation	PBAL-15-3	PH1-RM126	COLE PARMER	SYMMETRY 10000-53 DB-15	PL87800317	
Emblem Cannabis Corporation	PBAL-15-4	Room-138	Ohaus	R31P15		8342015090
Emblem Cannabis Corporation	PBAL-150-1	PH1-133B	Sartorius	Combics 1		36167278
Emblem Cannabis Corporation	PBAL-2200kg-1	PH1-Room 125	World Weigh	BWS		2419084002
Emblem Cannabis Corporation	PBAL-30-1	PH1-RM125	Sartorius	Midrics		8034471122
Emblem Cannabis Corporation	PBAL-30-2	PH1-RM133B	Sartorius	Midrics		8034371191
Emblem Cannabis Corporation	PBAL-30-3	PH1-RM131/132	Sartorius	Midrics		8035771145
Emblem Cannabis Corporation	PBAL-30-4	PH II - GMP facility	Minebea Intec	MW1p1u-30ed-I		8039371111
Emblem Cannabis Corporation	PBAL-30-5	PH II GMP facility	Minebea Intec	MW1p1u-30ed-I		8039371110
Emblem Cannabis Corporation	PBAL-30-6	RM133 gummies	Minebea Intec	MW1p1u-30ed-I		8039671105
Emblem Cannabis Corporation	PBAL-30-7	RM131	Minebea Intec			8035071153
Emblem Cannabis Corporation	PBAL-300-1	RM157	Sartorius	Combics 1		39366904
Emblem Cannabis Corporation	PBAL-320-1	PH II RM165	sartorius	bce323-1s		39005466
Emblem Cannabis Corporation	PBAL-320-2	PH II RM168	Sartorius	bce323-1s		39103297
Emblem Cannabis Corporation	PBAL-6-1	PHII-rm148	Ohaus	R71MD6	B902049712	
Emblem Cannabis Corporation	PBAL-6-2	PHII-RM148	ohaus	r71md6	b905176149	
Emblem Cannabis Corporation	PBAL-60-1	PH1-131/132	A&D	GP-60K		14703843
Emblem Cannabis Corporation	PBAL-60-2	PH3-Winterization Room (New Building) C1	Metler Toledo	IND570	B908279656	
Emblem Cannabis Corporation	PBAL-60-3	PH II GMP 151a	Minebea	combics2		39366934
Emblem Cannabis Corporation	PD-01	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-02	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-03	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-04	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-05	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-06	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-07	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-08	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-09	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-10	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-11	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-12	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-13	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-14	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-15	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-16	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PD-17	PH3-GMP Facility	Oceasoft	enr.c25.p010	N/A	
Emblem Cannabis Corporation	PIP-01	PH1-RM131	Eppendorf	1 mL Research Plus	J37338F	
Emblem Cannabis Corporation	PIP-02	PH1-RM131	Eppendorf	200 BSL Research Plus	P27633F	
Emblem Cannabis Corporation	PIP-03	PH1-RM131	Eppendorf	5 mL Research Plus	O44621G	
Emblem Cannabis Corporation	PIP-04	PH1-RM131	Eppendorf	100 BSL Research Plus	R40533G	
Emblem Cannabis Corporation	PIP-05	PH1-RM131	Eppendorf	1 mL Research Plus	P46545H	
Emblem Cannabis Corporation	PLEXPACK-01	PHII-RM148	Plexpack	MPS7103	t1yts-0000	

Emblem Cannabis Corporation	PLEXPACK-02	RM133	Plexpack	MPS71035		37629
Emblem Cannabis Corporation	PLEXPACK-03	PHII-RM148	Emplex	NFS7103		11YTS-0000
Emblem Cannabis Corporation	PMPH-01	PH1-RM133B	Cole Parmer	77200-62		EI8001395
Emblem Cannabis Corporation	PMPH-02	PH1-RM131/132	Cole Parmer	77200-62		EI8001396
Emblem Cannabis Corporation	PUMP-01	PH1-RM133B	Cole Parmer	07554-90		DI8001397
Emblem Cannabis Corporation	PUMP-02	PH1-RM131/132	Cole Parmer	07554-90		HI6004595
Emblem Cannabis Corporation	Panner-01	PH I RM133	Chocovision	Panner		3235
Emblem Cannabis Corporation	Press-003	PH3-RM138				N/A
Emblem Cannabis Corporation	Press-01	RM131/132				N/A
Emblem Cannabis Corporation	Press-02	GMP maintenance shop				N/A
Emblem Cannabis Corporation	Printer-01	PH I RM125	Dymo Printer	LabelWriter 450		1.54E+12
Emblem Cannabis Corporation	Printer-02	PH I RM125	Zebra	TLP 2824 Plus		371161900687
Emblem Cannabis Corporation	Pump-03	PH1-Irrigation Manifold	Berkeley	B78646		517004
Emblem Cannabis Corporation	Pump-04	PH1-Irrigation Manifold	Berkeley	B78646		517002
Emblem Cannabis Corporation	Pump-05	PH1-Irrigation Manifold	Berkeley	B78646		317002
Emblem Cannabis Corporation	Pump-06	PH1-Irrigation Manifold	Berkeley	B78646		517003
Emblem Cannabis Corporation	Pump-07	PH1-Irrigation Manifold	Berkeley	B78646		517001
Emblem Cannabis Corporation	RO Water sample micro	PH I cultivation RO water	Greystone energy systems inc	htcr2lv		N/A
Emblem Cannabis Corporation	ROBO-002(1)	PH3-RM167	ATG Pharma	CF600		10903260178
Emblem Cannabis Corporation	ROBO-002(2)	PH3-RM167	ATG Pharma	CF600		10905240136
Emblem Cannabis Corporation	ROBO-002(3)	PH3-RM167	ATG Pharma	CF600		10903260177
Emblem Cannabis Corporation	ROTO20-1	PH1-RM131/132	HEIDOLPH	HEI-VAP INDUSTRIAL		2000075724 0716
Emblem Cannabis Corporation	RVAC-01	PH1-RM131/132	HEIDOLPH	591-07210-00-1		41731502
Emblem Cannabis Corporation	Refract-01	A1023	Milwaukee	MA871		1178466
Emblem Cannabis Corporation	Refract-02	A1422	Cole-Parmer			N/A
Emblem Cannabis Corporation	Robo-001	Room-167	ATG Pharma	RL-200		3003620
Emblem Cannabis Corporation	Robo-002	PH3-RM167	ATG Pharma	RoboCAPRL-300		3004174N
Emblem Cannabis Corporation	Robo-003	PH RM138	ATG Pharma	RL-300		3004136n
Emblem Cannabis Corporation	SC-04	PH II - RM154				N/A
Emblem Cannabis Corporation	SEAL-01	PH1-RM133B	Enercon	LM5070-1		141913-1-1
Emblem Cannabis Corporation	SEALER-02	PH1-Room126	Ballerstaedt		36412	1506
Emblem Cannabis Corporation	SEALER-03	PHII - RM148	Uline	KF-520H		
Emblem Cannabis Corporation	SES-05	PH1				7250-HE0005
Emblem Cannabis Corporation	SHHSS-02	PH1				7250-HQ0002
Emblem Cannabis Corporation	SHHSS-03	PH1				7250-HQ0003
Emblem Cannabis Corporation	SONI-1	PH1-RM131	Elma	S100H		100430056
Emblem Cannabis Corporation	SSS-03	PH II - RM154				
Emblem Cannabis Corporation	STAMPER-01	PHII-RM148	Domino	AX150i		AX0000011595
Emblem Cannabis Corporation	STB-1	PH3-GMP Facility	Caron	7000-33-2		7000-33-2-224
Emblem Cannabis Corporation	STB-2	PH3-GMP Facility	Caron	7000-33-2		7000-33-2-225
Emblem Cannabis Corporation	SYMBOL-01	PHII-RM148	Symbol	NC32N0		MC32N0-G14HCLEOA
Emblem Cannabis Corporation	SYMBOL-02	PHII-RM148	Symbol	NC32N0		MC32N0-G14HCLEOA
Emblem Cannabis Corporation	SYMBOL-03	PHII-RM148	Symbol	NC32N0		MC32N0-G14HCLEOA
Emblem Cannabis Corporation	SYMBOL-04	PHII-RM148	Symbol	NC32N0		MC32N0-G14HCLEOA
Emblem Cannabis Corporation	SYMBOL-05	PHII-RM148	Symbol	NC32N0		MC32N0-G14HCLEOA
Emblem Cannabis Corporation	SYMBOL-06	PHII-RM148	Symbol	NC32N0		MC32N0-G14HCLEOA
Emblem Cannabis Corporation	SYMBOL-07	PHII-RM148	Symbol	NC32N0		MC32N0-G14HCLEOA
Emblem Cannabis Corporation	SYMBOL-08	PHII-RM148	Symbol	NC32N0		MC32N0-G14HCLEOA
Emblem Cannabis Corporation	Sampler-01	A989				
Emblem Cannabis Corporation	Sampler-02	A1031				
Emblem Cannabis Corporation	Sensor-01	PH3-RM154	Opera	600A		437463
Emblem Cannabis Corporation	Sensor-02	PH3-RM155	Opera	600A		437474
Emblem Cannabis Corporation	Sensor-03	PH3-RM155	Opera	600A		430894
Emblem Cannabis Corporation	Sensor-05	PH3-RM159	Honeywell	Sensepoint XCD		k0354018341729
Emblem Cannabis Corporation	Shredder-01	PHI-RM128 Secure Waste	Split-Fire	bioshred 150		1500001
Emblem Cannabis Corporation	TEMP-01	PH1-RM132	Control Company	61161-364		170019140
Emblem Cannabis Corporation	TEMP-02	PH1-RM133B	Control Company	61161-364		
Emblem Cannabis Corporation	TEMP-03	PH1-RM132	Control Company	89369-152		160680929
Emblem Cannabis Corporation	TEMP-04	PH1-RM132	Control Company	89369-150		181114809
Emblem Cannabis Corporation	TEMP-05	PH1-RM132	Control Company	61161-364		181728252
Emblem Cannabis Corporation	TEMP-06	A681				N/A
Emblem Cannabis Corporation	TEMP-07	A1042	control company	89369-150		200335875
Emblem Cannabis Corporation	TEMP-08	A1043	control company	89369-150		181114809
Emblem Cannabis Corporation	TEMP-09	RM148	control company	15-077-720, 11749745		210005298
Emblem Cannabis Corporation	TEMP-4	PH II GMP lab				1615221
Emblem Cannabis Corporation	TIME-001	PH1	ATG Pharma	8000D		80006187
Emblem Cannabis Corporation	TORQ-01	PH1-RM133B	MesaLabs	51.1600.40CR		19-6350
Emblem Cannabis Corporation	TRH-01	A676	Traceable		4093	160904216
Emblem Cannabis Corporation	TRH-02	A677	Traceable	(4093) 11-661-14, 11749835		191922179
Emblem Cannabis Corporation	TRH-03	A678	Traceable	(4093) 11-661-14, 11749835		191892469
Emblem Cannabis Corporation	TRH-04	A679	Traceable	(4093) 11-661-14, 11749835		191922191
Emblem Cannabis Corporation	TRH-05	A680	Traceable	(4093) 11-661-14, 11749835		191957675
Emblem Cannabis Corporation	Thermocouple 'K' type	A1601	omega	5sc-gg-k-30-36		N/A
Emblem Cannabis Corporation	Triumph-01	PHII-GMP building	MBMCorp	Ideal 4815 guillotine		1464606
Emblem Cannabis Corporation	Triumph-02	PHII-GMP building	MBMCorp	Ideal 1058		1461061
Emblem Cannabis Corporation	Triumph-03	PH II GMP building	MBMCorp	Ideal 4815 guillotine		N/A
Emblem Cannabis Corporation	Truffly-01	PH II RM165	Truffly made	PFM 2000 DEPOSITOR		3235
Emblem Cannabis Corporation	Tube-01	PH2-RM126				
Emblem Cannabis Corporation	Tube-02	PH2-RM126				
Emblem Cannabis Corporation	Tunnel-01	A1613	ULINE	H-4018		N/A
Emblem Cannabis Corporation	VACPUMP-01	PH1				39119415
Emblem Cannabis Corporation	VACPUMP-01	PH1-133A	Vacuubrand	MD 4C NT		41050603
Emblem Cannabis Corporation	VACPUMP-02	PH1-RM131/132	Vacuubrand	MD 4C NT		44279103
Emblem Cannabis Corporation	VACPUMP-03	PH1-RM131/132	Vacuubrand	MD 4C NT		101634805
Emblem Cannabis Corporation	VACPUMP-04	PH1-RM131/132	Vacuubrand	MD 4C NT		100907705
Emblem Cannabis Corporation	VISC-1	PH1-RM131	Anton-Par	SVM 3001		82479985
Emblem Cannabis Corporation	VISC-2	PH1-RM131	Brookfield	DV2TRVTJO		86003549
Emblem Cannabis Corporation	WAT-1	PH1-RM132	Sartorius	H2O-MA-UV-T		34102432
Emblem Cannabis Corporation	Water sample micro	PH I Cultivation	Greystone energy systems inc	htcr2lv		N/A
Emblem Cannabis Corporation	dummy test CSV	A1388				N/A
Emblem Cannabis Corporation	hotplate-01	Phase II - GMP building	scilogix	ms7-h550-pro		mn196aq0000930
Emblem Cannabis Corporation	potting machine-01	PH1-Room 122	SB Equipment Manufacturing	c42d17fk6c		2833106
Emblem Cannabis Corporation	probe-01	PH1-Irrigation Manifold	Blue Lab	Guardian Monitor		p31809130312
Emblem Cannabis Corporation	probe-02	PH1-Irrigation Manifold	Blue Lab	Guardian Monitor		p31809130298
Emblem Cannabis Corporation	probe-03	PH1-Irrigation Manifold	Blue Lab	Guardian Monitor		p31810132712
Emblem Cannabis Corporation	sensor-04	PH3-RM156	Honeywell	Sensepoint XCD		k0354018341727
Emblem Cannabis Corporation	sensor-06	PH-I RM136	Rotronic	hc2a-s		N/A
Emblem Cannabis Corporation	sensor-07	PH I - RM136	Rotronic	hc2a-s		N/A
Emblem Cannabis Corporation	sensor-08	PH II - rm135	Rotronic	hc2a-s		N/A
Emblem Cannabis Corporation	sensor-09	PH II - rm135	rotronic	hc2a-s		N/A
Emblem Cannabis Corporation	sensor-10	PH II - rm134	Rotronic	HC2a-s		N/A
Emblem Cannabis Corporation	sensor-11	PH II - rm134	rotronic	hc2a-s		N/A
Emblem Cannabis Corporation	sensor-12	PH II - rm117	rotronic	hc2a-s		N/A
Emblem Cannabis Corporation	sensor-13	PH II - rm117	Rotronic	hc2a-s		N/A
Emblem Cannabis Corporation	sensor-14	PH II - rm118	Rotronic	hc2a-s		N/A
Emblem Cannabis Corporation	sensor-15	PH I - RM118	roteonic	hc2a-s		N/A
Emblem Cannabis Corporation	sensor-16	PH I RM103	Greystone energy systems inc	htcr2lv		1001963-3
Emblem Cannabis Corporation	sensor-17	PH I RM104	Greystone energy systems inc	htcr2lv		1001963-4
Emblem Cannabis Corporation	sensor-18	PH I RM124	Greystone energy systems inc	htcr2lv		1001963-24
Emblem Cannabis Corporation	sensor-19	PH I RM125	Greystone energy systems inc	htcr2lv		1001963-25
Emblem Cannabis Corporation	sensor-20	PH I RM126	Greystone energy systems inc	htcr2lv		1001963-7
Emblem Cannabis Corporation	sensor-21	PH I RM127	Greystone energy systems inc	htcr2lv		1001963-27
Emblem Cannabis Corporation	sensor-22	PH I RM131	Greystone energy systems inc	htcr2lv		1001964-1
Emblem Cannabis Corporation	sensor-23	PH I RM133	Greystone energy systems inc	htcr2lv		1001963-12
Emblem Cannabis Corporation	sprayer-01	PH1-Room 138	Rittenhouse	m6c34fbbj		6106

GENERAL SECURITY AGREEMENT

TO: **NE SPC II LP**
c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, Ontario M5C 2V6

Attention: Tammy Kemp
Email: tammy.kemp@garringtonco.com

DATE: December 24, 2021

RECITALS:

A. Canabo Medical Corporation (the "**Debtor**") is, or may become, indebted or liable to NE SPC II LP (the "**Creditor**") pursuant to the terms of a loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") among, *inter alia*, the Debtor and the Creditor.

B. To secure the payment and performance of the Liabilities (as hereinafter defined), the Debtor has agreed to grant to the Creditor security interests in respect of the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditor as follows:

1. **Definitions.** In this Agreement, capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the Loan Agreement, and the following terms have the following meanings:

"Accessions", "Account", "Chattel Paper", "Consumer Goods", "Document of Title", "Equipment", "Goods", "Instrument", "Intangible", "Inventory", "Investment Property" and "Proceeds" have the meanings given to them in the PPSA.

"Books and Records" means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the "Governing Law" section of this Agreement.

"Collateral" means all of the present and future undertaking and Personal Property (and specifically including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditor in connection with this Agreement) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located.

"Contracts" means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement.

"Default" means any "Event of Default" as defined in the Loan Agreement.

"Intellectual Property Rights" means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights.

"Liabilities" means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Debtor to the Creditor, under, in connection with or with respect to the Loan Agreement and the other Loan Documents, and any unpaid balance thereof.

"Money" has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency.

"PPSA" means the Personal Property Security Act of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

"Permits" means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

"Personal Property" means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Investment Property.

"Receiver" means a receiver, a manager or a receiver and manager.

"Security Interest" means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. Grant of Security Interest. As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns (by way of security) to the Creditor, and grants to the Creditor a security interest in, the Collateral.

3. Limitations on Grant of Security Interest. If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditor and, on exercise by

the Creditor of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Creditor. In addition, the Security Interests created by this Agreement do not attach to Consumer Goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditor and, on the exercise by the Creditor of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Creditor.

4. Attachment; No Obligation to Advance. The Debtor confirms that value has been given by the Creditor to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Creditor have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditor to advance any funds or any additional funds.

5. Representations and Warranties. The Debtor represents and warrants to the Creditor that, as of the date of this Agreement:

(a) Places of Business, Name, Location of Collateral. The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement. The location of all other existing places where the Debtor carries on business or keeps tangible Personal Property, the location of all jurisdictions in which account debtors of the Debtor are located, and the location of all real property owned by the Debtor, are set out in Schedule A to this Agreement.

(b) Title; No Other Security Interests. Except for Permitted Encumbrances, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Encumbrances.

(c) Amount of Accounts. The amount represented by the Debtor to the Creditor from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Creditor at that time, will be owed free of any dispute, set-off or counterclaim.

(d) Authority; Consents. The Debtor has full power and authority to grant to the Creditor the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Creditor, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor, classified as Equipment and are included in calculating the Term Facility Borrowing Limited as set out in the Loan Agreement, is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All registrations and applications for registration pertaining to Intellectual Property Rights owned by the Debtor, and all other Intellectual Property Rights of the Debtor, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by the Creditor and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditor and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. Covenants. The Debtor covenants and agrees with the Creditor that:

(a) Further Documentation. The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Creditor may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Creditor will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Creditor authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Creditor Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) Delivery of Certain Collateral. Promptly upon request from time to time by the Creditor, the Debtor will deliver (or cause to be delivered) to the Creditor, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Creditor may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as the Creditor may specify in its request.

(c) Payment of Expenses; Indemnification. The Debtor will pay on demand, and will indemnify and save the Creditor harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Creditor in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its obligations under this Agreement, or (iii) incurred by the Creditor in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) Maintenance of Records. The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Creditor, the Debtor will mark any Collateral specified by the Creditor to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Creditor may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Creditor may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Creditor with such clerical and other assistance as may be reasonably requested by the Creditor to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Creditor, and the Debtor will defend the right, title and interest of the Creditor in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Creditor's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditor, remain segregated from the property of the Debtor or any other Person and will be immediately paid to the Creditor.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditor, or (ii) fail to

exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditor.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Creditor and will (i) contain a breach of warranty clause in favour of the Creditor, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Creditor, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditor, and (iv) name the Creditor as loss payee as its interest may appear. The Debtor will, from time to time at the Creditor's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Creditor. If the Debtor does not obtain or maintain such insurance, the Creditor may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Creditor for all payments made by the Creditor in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditor nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Creditor such statements, schedules, permits and licenses further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Creditor may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Creditor promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Creditor) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless

all filings have been made and all other actions taken that are required in order for the Creditor to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Creditor, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Creditor may request to evidence the Creditor's Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditor, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditor may, personally or by agent, at such time or times as the Creditor in its sole discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditor at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditor to be assembled and made available and/or delivered to the Creditor at any place designated by the Creditor.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Creditor may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Creditor deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Creditor or elsewhere, on such terms and conditions as the Creditor may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery. The Debtor shall only be entitled to credit against the liability for money actually received by the Creditor, less the Creditor's costs and expenses of disposition. In no event shall the Debtor be entitled to credit for any deferred payment in respect of collateral realized by the Creditor.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. 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 the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Creditor, the Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Creditor and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Creditor and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Creditor deems appropriate in the circumstances. The Debtor shall give the Creditor any assistance requested by the Creditor with respect to such accounts as may be required to assess its value.

(k) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of the Creditor or its nominee, with or without disclosing that the Investment Property is subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if the Creditor were the absolute owner of such Investment Property.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Creditor for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Creditor for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Creditor under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Creditor will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Creditor.

(p) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) Consultants. Require the Debtor to engage a consultant of the Creditor's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the

account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Creditor and to disclose to the Creditor any and all information obtained in the course of such consultant's employment.

The Creditor may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Creditor to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Creditor which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Creditor;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Creditor may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Creditor to exercise its rights and remedies under Section 8 when the Creditor is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Creditor an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Investment Property. The Creditor is authorized, in connection with any offer or sale of any Investment Property forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Investment Property. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Creditor will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Investment Property are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Creditor or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Creditor's rights under this Agreement), Security Interests in favour of Persons other than the Creditor, borrowings, taxes and other

outgoings affecting the Collateral or which are considered advisable by the Creditor or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of the Creditor, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Creditor considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Creditor's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Creditor and any officer or agent of the Creditor, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Creditor's discretion to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditor as secured party or any other Person on the Creditor's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Creditor or such other Person considers appropriate.

14. Performance by Creditor of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Creditor incurred in connection with any such performance or compliance will be payable by the Debtor to the Creditor immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Creditor under this Agreement is not paid when due, the Debtor will pay to the Creditor, immediately on demand, interest on such amount from the date due until paid, at the highest annual rate applicable to the Liabilities from time to time, including default rates. All amounts payable by the Debtor to the Creditor under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) Limitations on Creditor's Liability. The Creditor will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this

Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Creditor, a Receiver nor any agent of the Creditor (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons in respect of any Collateral. Neither the Creditor nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Creditor or any Receiver) caused for any reason other than the gross negligence or wilful misconduct of the Creditor or such Receiver.

(b) Debtor Remains Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Creditor will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Creditor of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Creditor will not be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) Collections on Accounts and Contracts. The Creditor hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Creditor at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and, in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Creditor if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditor, segregated from other funds of the Debtor or any other Person. All such amounts while held by the Creditor (or by the Debtor in trust for the Creditor) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred, the Creditor may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Creditor may elect. At the Creditor's request, the Debtor will deliver to the Creditor any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) Analysis of Accounts. The Creditor will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Creditor may require in connection therewith. The Creditor may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Creditor's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Creditor reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Creditor. The Creditor will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Creditor may consider desirable. The Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Creditor may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Creditor under this Agreement. The powers conferred on the Creditor under this Agreement are solely to protect the interests of the Creditor in the Collateral and will not impose any duty upon the Creditor to exercise any such powers.

19. Communication. Any notice or other communication required or permitted to be given under this Agreement will be made in accordance with the terms of the Loan Agreement.

20. Release of Information. The Debtor authorizes the Creditor to provide a copy of this Agreement and such other information as may be requested of the Creditor by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waiver. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against the Creditor, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of the exercise by the Creditor of any Receiver of any rights or remedies under this Agreement, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

22. Alteration or Waiver and Indemnity. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Creditor. The Creditor will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Creditor, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Creditor of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Creditor would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor agrees to indemnify the Creditor from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or wilful misconduct of the Creditor or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Creditor and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement

23. Environmental License and Indemnity. The Debtor hereby grants to the Creditor and its employees and agents an irrevocable and non-exclusive license, subject to the

rights of tenants, if any, to enter any of the premises of the Debtor to conduct audits, testing and monitoring with respect to hazardous substances and to remove and analyze any hazardous substance at the cost and expense of the Debtor (which cost and expense will form part of the Liabilities and will be payable immediately on demand and secured by the Security Interests created by this Agreement). The Debtor will indemnify the Creditor and hold the Creditor harmless against and from all losses, costs, damages and expenses which the Creditor may sustain, incur or be or become liable at any time whatsoever for by reason of or arising from the past, present or future existence, clean-up, removal or disposal of any hazardous substance on or about any property owned or occupied by the Debtor or compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any premises owned or occupied by the Debtor or other affected lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

24. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

25. Governing Law; Attornment. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Creditor to enforce this Agreement in any other proper jurisdiction, the Debtor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, the Debtor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such province.

26. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Creditor or is to be acceptable to the Creditor, such consent, approval or determination of acceptability will be in the sole discretion of the Creditor. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

27. Paramourcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement then, notwithstanding anything contained in this Agreement, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Agreement,

which is not contained in the Loan Agreement, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

28. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditor and its successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Creditor. If the Debtor or the Creditor is an individual, then the term "Debtor" or "Creditor", as applicable, will also include his or her heirs, administrators and executors.

29. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

30. Counterparts. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[signature page follows]

Dated as of the date first written above.

CANABO MEDICAL CORPORATION

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

Address:
Facsimile:
E-Mail:

Schedule A

Location of Debtor's principal place of business

Ontario

Locations of Debtor's Real Property

None.

Locations where Debtor has Personal Property

378 South Service Road, Grimsby Ontario

20 Woodslee Avenue, Paris, Ontario

85 Basaltic Road, Concord, Ontario

2540 Regional Road 19, Blackstock, Ontario

36 York Mills Road, Suite 500/501 North York, Ontario

6 Logy Bay Road, St. John's, Newfoundland

5991 Spring Garden Road, Suite 440, Halifax, Nova Scotia

8-10 Rowan Street, Suite 206, Terrace on the Square, St. John's Newfoundland

11 Lakeside Terrace, Lower Level 03, Little Lake Health Centre, Barrie, Ontario

1385 Bank Street, Suite 305, Kilborn Medical Centre, Ottawa, Ontario

117 King Street East, 3rd Floor, Oshawa, Ontario

Motor Vehicles and Other Serial Numbered Goods

None.

Intellectual Property Owned by Debtor

None.

Jurisdictions of account debtors of the Debtor

All provinces and territories in Canada

GENERAL SECURITY AGREEMENT

TO: **NE SPC II LP**
c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, Ontario M5C 2V6

Attention: Tammy Kemp
Email: tammy.kemp@garringtonco.com

DATE: December 24, 2021

RECITALS:

A. Aleafia Farms Inc. (the "**Debtor**") is, or may become, indebted or liable to NE SPC II LP (the "**Creditor**") pursuant to the terms of a loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") among, *inter alia*, the Debtor and the Creditor.

B. To secure the payment and performance of the Liabilities (as hereinafter defined), the Debtor has agreed to grant to the Creditor security interests in respect of the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditor as follows:

1. **Definitions.** In this Agreement, capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the Loan Agreement, and the following terms have the following meanings:

"Accessions", "Account", "Chattel Paper", "Consumer Goods", "Document of Title", "Equipment", "Goods", "Instrument", "Intangible", "Inventory", "Investment Property" and "Proceeds" have the meanings given to them in the PPSA.

"Books and Records" means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the "Governing Law" section of this Agreement.

"Collateral" means all of the present and future undertaking and Personal Property (and specifically including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditor in connection with this Agreement) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located (save and except for all present and future undertaking and

Personal Property of the Debtor located at or arising from the real property legally described in PIN 26764-0137(LT)).

"Contracts" means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement.

"Default" means any "Event of Default" as defined in the Loan Agreement.

"Intellectual Property Rights" means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights.

"Liabilities" means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Debtor to the Creditor, under, in connection with or with respect to the Loan Agreement and the other Loan Documents, and any unpaid balance thereof.

"Money" has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency.

"PPSA" means the Personal Property Security Act of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

"Permits" means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

"Personal Property" means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Investment Property.

"Receiver" means a receiver, a manager or a receiver and manager.

"Security Interest" means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. Grant of Security Interest. As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns (by way of security) to the Creditor, and grants to the Creditor a security interest in, the Collateral.

3. Limitations on Grant of Security Interest. If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the

termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditor and, on exercise by the Creditor of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Creditor. In addition, the Security Interests created by this Agreement do not attach to Consumer Goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditor and, on the exercise by the Creditor of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Creditor.

4. Attachment; No Obligation to Advance. The Debtor confirms that value has been given by the Creditor to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Creditor have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditor to advance any funds or any additional funds.

5. Representations and Warranties. The Debtor represents and warrants to the Creditor that, as of the date of this Agreement:

(a) Places of Business, Name, Location of Collateral. The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement. The location of all other existing places where the Debtor carries on business or keeps tangible Personal Property, the location of all jurisdictions in which account debtors of the Debtor are located, and the location of all real property owned by the Debtor, are set out in Schedule A to this Agreement.

(b) Title; No Other Security Interests. Except for Permitted Encumbrances, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Encumbrances.

(c) Amount of Accounts. The amount represented by the Debtor to the Creditor from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Creditor at that time, will be owed free of any dispute, set-off or counterclaim.

(d) Authority; Consents. The Debtor has full power and authority to grant to the Creditor the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except

as disclosed in writing by the Debtor to the Creditor, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor, classified as Equipment and are included in calculating the Term Facility Borrowing Limited as set out in the Loan Agreement, is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All registrations and applications for registration pertaining to Intellectual Property Rights owned by the Debtor, and all other Intellectual Property Rights of the Debtor, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by the Creditor and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditor and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. Covenants. The Debtor covenants and agrees with the Creditor that:

(a) Further Documentation. The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Creditor may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Creditor will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Creditor authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of

appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Creditor Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) Delivery of Certain Collateral. Promptly upon request from time to time by the Creditor, the Debtor will deliver (or cause to be delivered) to the Creditor, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Creditor may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as the Creditor may specify in its request.

(c) Payment of Expenses; Indemnification. The Debtor will pay on demand, and will indemnify and save the Creditor harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Creditor in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its obligations under this Agreement, or (iii) incurred by the Creditor in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) Maintenance of Records. The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Creditor, the Debtor will mark any Collateral specified by the Creditor to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Creditor may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Creditor may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Creditor with such clerical and other assistance as may be reasonably requested by the Creditor to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Creditor, and the Debtor will defend the right, title and interest of the Creditor in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Creditor's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditor, remain segregated from the property of the Debtor or any other Person and will be immediately paid to the Creditor.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditor, or (ii) fail to exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditor.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Creditor and will (i) contain a breach of warranty clause in favour of the Creditor, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Creditor, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditor, and (iv) name the Creditor as loss payee as its interest may appear. The Debtor will, from time to time at the Creditor's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Creditor. If the Debtor does not obtain or maintain such insurance, the Creditor may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Creditor for all payments made by the Creditor in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditor nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Creditor such statements, schedules, permits and licenses further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Creditor may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Creditor promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Creditor) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the

Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless all filings have been made and all other actions taken that are required in order for the Creditor to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Creditor, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Creditor may request to evidence the Creditor's Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditor, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditor may, personally or by agent, at such time or times as the Creditor in its sole discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditor at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditor to be assembled and made available and/or delivered to the Creditor at any place designated by the Creditor.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Creditor may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Creditor deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Creditor or elsewhere, on such terms and conditions as the Creditor may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery. The Debtor shall only be entitled to credit against the liability for money actually received by the Creditor, less the Creditor's costs and expenses of disposition. In no event shall

the Debtor be entitled to credit for any deferred payment in respect of collateral realized by the Creditor.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. 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 the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Creditor, the Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Creditor and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Creditor and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Creditor deems appropriate in the circumstances. The Debtor shall give the Creditor any assistance requested by the Creditor with respect to such accounts as may be required to assess its value.

(k) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of the Creditor or its nominee, with or without disclosing that the Investment Property is subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if the Creditor were the absolute owner of such Investment Property.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Creditor for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Creditor for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Creditor under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Creditor will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Creditor.

(p) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) **Consultants.** Require the Debtor to engage a consultant of the Creditor's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Creditor and to disclose to the Creditor any and all information obtained in the course of such consultant's employment.

The Creditor may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Creditor to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Creditor which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Creditor;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Creditor may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Creditor to exercise its rights and remedies under Section 8 when the Creditor is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Creditor an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Investment Property. The Creditor is authorized, in connection with any offer or sale of any Investment Property forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Investment Property. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Creditor will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Investment Property are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Creditor or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Creditor's rights under this Agreement), Security Interests in favour of Persons other than the Creditor, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Creditor or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of the Creditor, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Creditor considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Creditor's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Creditor and any officer or agent of the Creditor, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Creditor's discretion to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditor as secured party or any other Person on the Creditor's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Creditor or such other Person considers appropriate.

14. Performance by Creditor of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Creditor incurred in connection with any such performance or compliance will be payable by the Debtor to the Creditor immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Creditor under this Agreement is not paid when due, the Debtor will pay to the Creditor, immediately on demand, interest on such amount from the date due until paid, at the highest annual rate applicable to the Liabilities from time to time, including default rates. All amounts payable by the Debtor to the Creditor under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) Limitations on Creditor's Liability. The Creditor will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Creditor, a Receiver nor any agent of the Creditor (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons in respect of any Collateral. Neither the Creditor nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Creditor or any Receiver) caused for any reason other than the gross negligence or wilful misconduct of the Creditor or such Receiver.

(b) Debtor Remains Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Creditor will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Creditor of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Creditor will not be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) Collections on Accounts and Contracts. The Creditor hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Creditor at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and, in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Creditor if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditor, segregated from other funds of the Debtor or any other Person. All such amounts while held by the Creditor (or by the Debtor in trust for the Creditor) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred, the Creditor may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Creditor may elect. At the Creditor's request, the Debtor will deliver to the Creditor any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) Analysis of Accounts. The Creditor will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Creditor may require in connection therewith. The Creditor may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract.

At any time and from time to time, upon the Creditor's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Creditor reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Creditor. The Creditor will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Creditor may consider desirable. The Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Creditor may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Creditor under this Agreement. The powers conferred on the Creditor under this Agreement are solely to protect the interests of the Creditor in the Collateral and will not impose any duty upon the Creditor to exercise any such powers.

19. Communication. Any notice or other communication required or permitted to be given under this Agreement will be made in accordance with the terms of the Loan Agreement.

20. Release of Information. The Debtor authorizes the Creditor to provide a copy of this Agreement and such other information as may be requested of the Creditor by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waiver. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against the Creditor, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of the exercise by the Creditor of any Receiver of any rights or remedies under this Agreement, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

22. Alteration or Waiver and Indemnity. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Creditor. The Creditor will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Creditor, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Creditor of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Creditor would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor agrees to indemnify the Creditor from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or wilful misconduct of the Creditor or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Creditor and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission

to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement

23. Environmental License and Indemnity. The Debtor hereby grants to the Creditor and its employees and agents an irrevocable and non-exclusive license, subject to the rights of tenants, if any, to enter any of the premises of the Debtor to conduct audits, testing and monitoring with respect to hazardous substances and to remove and analyze any hazardous substance at the cost and expense of the Debtor (which cost and expense will form part of the Liabilities and will be payable immediately on demand and secured by the Security Interests created by this Agreement). The Debtor will indemnify the Creditor and hold the Creditor harmless against and from all losses, costs, damages and expenses which the Creditor may sustain, incur or be or become liable at any time whatsoever for by reason of or arising from the past, present or future existence, clean-up, removal or disposal of any hazardous substance on or about any property owned or occupied by the Debtor or compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any premises owned or occupied by the Debtor or other affected lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

24. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

25. Governing Law; Attornment. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Creditor to enforce this Agreement in any other proper jurisdiction, the Debtor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, the Debtor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such province.

26. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Creditor or is to be acceptable to the Creditor, such consent, approval or determination of acceptability will be in the sole discretion of the Creditor. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

27. Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement then, notwithstanding anything

contained in this Agreement, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Agreement, which is not contained in the Loan Agreement, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

28. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditor and its successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Creditor. If the Debtor or the Creditor is an individual, then the term "Debtor" or "Creditor", as applicable, will also include his or her heirs, administrators and executors.

29. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

30. Counterparts. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[signature page follows]

Dated as of the date first written above.

ALEAFIA FARMS INC.

DocuSigned by:
Per: Geoff Benic
Name: Geoffrey Benic
Title: President

DocuSigned by:
Per: Matthew Sale
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

Schedule A

Location of Debtor's principal place of business

Ontario

Locations of Debtor's Real Property

Grimsby Licensed Facility (378 South Service Road, Grimsby Ontario)

Locations where Debtor has Personal Property

378 South Service Road, Grimsby Ontario

20 Woodslee Avenue, Paris, Ontario

85 Basaltic Road, Concord, Ontario

2540 Regional Road 19, Blackstock, Ontario

36 York Mills Road, Suite 500/501 North York, Ontario

6 Logy Bay Road, St. John's, Newfoundland

5991 Spring Garden Road, Suite 440, Halifax, Nova Scotia

8-10 Rowan Street, Suite 206, Terrace on the Square, St. John's Newfoundland

11 Lakeside Terrace, Lower Level 03, Little Lake Health Centre, Barrie, Ontario

1385 Bank Street, Suite 305, Kilborn Medical Centre, Ottawa, Ontario

117 King Street East, 3rd Floor, Oshawa, Ontario

Motor Vehicles and Other Serial Numbered Goods

See Exhibit A: Grimsby Facility – Equipment List – with Serial Numbers

Intellectual Property Owned by Debtor

None.

Jurisdictions of account debtors of the Debtor

n/a

with the following parameters

Asset Category: "All"
 Location: "All"
 Charge Department: "All"

Asset Name	Asset Code	Category	Make	Model	Serial Number	Charge Dept.	Status
Chiller #3	CHIL#3	CHIL#3		1219Q89074	30RBF1101-06V73		ONLINE
(1) Agam	AGAM ZONE 2	Equipment					ONLINE
(10) HEPA AIR CLEANERS ZONE 3	HEPA	Equipment					ONLINE
(10) HEPA AIR CLEANERS ZONE 5	HEPA	Equipment					ONLINE
(10) HEPA AIR CLEANERS ZONE 6	HEPA	Equipment					ONLINE
(10) HEPA CLEANERS ZONE 7	HEPA	Equipment					ONLINE
(14) Exhaust Fans Zone 3	EXHAUST FANS ZONE 3	Equipment					ONLINE
(2) Agams	AGAMS ZONE 4	Equipment					ONLINE
(3) Agams	AGAMS ZONE 5	Equipment					ONLINE
(3) Agams	AGAMS ZONE 3	Equipment					ONLINE
(3) HEPA AIR CLEANERS	A959	Equipment					ONLINE
(3) HEPA AIR CLEANERS DRY CHAMBERS	A961	Equipment					ONLINE
(3) HEPA AIR CLEANERS TRIM ROOM	A960	Equipment					ONLINE
(4) Agams	AGAMS ZONE 6	Equipment					ONLINE
(4) Agams	AGAMS ZONE 7	Equipment					ONLINE
(6) Exhaust Fans Zone 1	EXHAUST FANS ZONE1	Equipment					ONLINE
(6) Exhaust Fans Zone 2	EXHAUST FANS ZONE 2	Equipment					ONLINE
(6) HEPA AIR CLEANERS ZONE 2	HEPA	Equipment					ONLINE
(8) HEPA AIR CLEANERS ZONE 4	HEPA	Equipment					ONLINE
AGAMS 17 Units	A1713	Locations And Facilities					ONLINE
AHU/CHILLERS	AHU/CHILLERS	Locations And Facilities					ONLINE
Agams 17 Units	A1714	Equipment	AGAM	VLHC-1020	0218.02541		ONLINE
Air make up unit	AMU1	AMU1	Carrier	AMU1	AMU100031		ONLINE
Air make up unit	AMU2	AMU2	Carrier	Amu2	AMU200032		ONLINE
Annual Lighting Panel Infrared	A947	Equipment					ONLINE
Automatic Bud Sorter	Automatic Bud Sorter	Equipment	Mobius	Bud Sorter	001		ONLINE
BAS- Humidity Sensors	Humidity Sensors	Equipment					ONLINE
BOILER#3 out of service	BOIL3	BOIL		6602663576	STEAM PAK (SPWC15072580)		OFFLINE
BOILERS	DAILY CHECKS	Equipment					ONLINE
BULK PACKAGING ROOM	BULK PACK ROOM	Locations And Facilities					ONLINE
Back Flow Preventer	Zone 1	Equipment	WATTS	909 ML QT RP	457040		ONLINE
Back Flow Preventer	Irrigation Room	Equipment	Watts	909 QT RP	641353		ONLINE
Batch Tank #3	Batch Tank #3	Equipment					ONLINE
Bi annual Electrolysis System	A948	Equipment			1701490-200		ONLINE
Boom Sprayers Tall Range	A1722	Equipment			01-K-15-010		ONLINE
CMH Lights Zone 2	A1717	Equipment	ARC	ARCC43252NL	ARCC2019010129		ONLINE
CMH Lights zone 2	A1716	Locations And Facilities					ONLINE
CO2 Unit	CO2	CO2TANK	LIQUID AIR	9017E	VS-50TON SC-350-CS		ONLINE
CRONE BOILER#2	BOIL2	BOIL		1515.0428	CRONE CLM 115		ONLINE
Cannbucker #1	A1283	Equipment			00018083		ONLINE
Cannbucker #2	A1284	Equipment					ONLINE
Cannbucker #3	A1417	Equipment	Eteros	MBX	MBX-000018164		ONLINE
Cannbucker #4	A1418	Equipment	Eteros	MBX	MBX-000018083		ONLINE
Chiller #1	CHIL#1	CHIL#1		1219Q89072	30RBF1101-06V73		ONLINE
Chiller #2	CHIL#2	CHIL#2		1219Q89061	30RBF1101-06V73		ONLINE
Cogens	A1724	Equipment	T&T Power Group	GENCP-01-PL3	142119-GENMCP-01		ONLINE
Cold fogger #1 (Blue)	Cold Fogger 1	Equipment	dramm	CFAR20	301180020		ONLINE
Cold fogger #2 (Green)	Cold Fogger 2	Equipment	dramm	CFAR-50/150	302200016		ONLINE
Cold fogger #3 (Red)	Cold Fogger 3	Equipment	dramm	CFAR-50/150			ONLINE
Cold fogger #4	Cold Fogger 4	Equipment	dramm	CFAR-50/150			OFFLINE
Compressor #1	COMP1	COMP1		4234	abt15		ONLINE
Compressor #2	COMP2	COMP2		1013	airtower 5c		ONLINE
Compressor air Dryer	AIR DRYER	AIR DRYER		140002844	act20-up		ONLINE
Cooling Wall	COOLING WALL ZONE 1	Equipment					ONLINE
Cooling Walls	COOLING WALLS ZONE4	Equipment					ONLINE
Cooling Walls	COOLING WALLS ZONE 6	Equipment					ONLINE
Cooling Walls	COOLING WALLS ZONE 3	Equipment					ONLINE
Cooling Walls	COOLING WALLS ZONE 7	Equipment					ONLINE
Cooling Walls	COOLING WALLS ZONE 5	Equipment					ONLINE
Cooling Walls	COOLING WALLS ZONE 2	Equipment					ONLINE
DARWIN CHAMBERS/DRY ROOM AREA	DARW CH	Locations And Facilities					ONLINE
DESTRUCTION	DESTRUCTION	Locations And Facilities					ONLINE
Daily Checks of Agams	Zone 2&3	AGAM					ONLINE
Dry Chambers A	DRYCHA1	DRYCHA1	DARWIN	DC1	06196334A		ONLINE
Dry Chambers B	DRYCHA2	DRYCHA2	DARWIN	DC2	06196334B		ONLINE
Dry Chambers C	DRYCHA3	DRYCHA3	DARWIN	DC3	06196334C		ONLINE
Dry Chambers D	DRYCHA4	DRYCHA4	DARWIN	DC4	06196334D		ONLINE
Dry Chambers E	DRYCHA5	DRYCHA5	DARWIN	DC5	07196334E		ONLINE
Dry Chambers F	DRYCHA6	DRYCHA6	DARWIN	DC6	06196334F		ONLINE
Dry Chambers G	DRYCHA7	DRYCHA7	DARWIN	DC7	06196334G		ONLINE
Dry Chambers H	DRYCHA8	DRYCHA8	DARWIN	DC8	06196334H		ONLINE
Dry Chambers I	DRYCHA9	DRYCHA9	DARWIN	DC9	06196334I		ONLINE
Exhaust Fans Zone 4	EXHAUST FANS ZONE 4	Equipment					ONLINE

Exhaust Fans Zone 5	EXHAUST FANS ZONE 5	Equipment				ONLINE
Exhaust Fans Zone 6	EXHAUST FANS ZONE 6	Equipment				ONLINE
Exhaust Fans Zone 7	EXHAUST FANS ZONE 7	Equipment				ONLINE
FLOOR SCALE #1	SCALE ANNUAL	QA Dep't	Just Instruments	AAW-SS (Floor Scale)	2005141	ONLINE
FLOOR SCALE #2	SCALE ANNUAL	QA Dep't	Just Instruments	AAW-SS (Floor Scale)	2005142	ONLINE
Facility	Zone 1	Equipment				OFFLINE
Grimsby	GRM	Plant				OFFLINE
HPS LIGHTS	A1718	Equipment	PHANTOM	PHB14025B	297018465001219	ONLINE
HPS Lights zones 3-7	A1715	Locations And Facilities				ONLINE
IRRIGATION ROOM PLUMBING	A962	Equipment				ONLINE
IRRIGATION/BOILER ROOMS	IRRIGATION/BOILER ROOMS	Locations And Facilities				ONLINE
Incinerators	A1711	Equipment	Saniflame		SANI002	ONLINE
Irrigation Manifold	Irrigation Manifold	Equipment				ONLINE
LOWER GREENHOUSE GLASS	A977	Equipment				ONLINE
Lighting	LIGHTING ZONE 3	Equipment				ONLINE
Lighting	LIGHTING ZONE 6	Equipment				ONLINE
Lighting	LIGHTING ZONE 5	Equipment				ONLINE
Lighting	LIGHTING ZONE 4	Equipment				ONLINE
Lighting	LIGHTING ZONE 2	Equipment				ONLINE
Lighting	LIGHTING ZONE 7	Equipment				ONLINE
MET-001	A1026	QA Dep't	Li-Cor	Li-250A/quantum	q111962	ONLINE
Manual Bud Sorter	MANUAL BUD SORTER	Equipment	Wachsen	Wachsen	Wachsen SS304	ONLINE
Mister Unit	Mister Unit	Equipment			1902220892	ONLINE
Mobius Trimmer #1	A1279	Equipment	Mobius	M108S	0000000160	ONLINE
Mobius Trimmer #2	A1280	Equipment	Mobius	M108S	0000000162	ONLINE
Mobius Trimmer #3	A1281	Equipment	Mobius	M108S	0000000161	ONLINE
Mobius Trimmer #4	A1282	Equipment	Mobius	M108S	0000000214	ONLINE
Mobius Tumbler and Brush Washer	A1021	Equipment	Mobius	Tumbler	000000117	ONLINE
Moisture Balance Analyzer	MBA ANNUAL	QA Dep't	AND	MX-50	P1051323	ONLINE
OVERHEAD SPRAYER 1	A900	Equipment	ZWARTS			ONLINE
OVERHEAD SPRAYER 2	A902	Equipment				ONLINE
OVERHEAD SPRAYER 3	A903	Equipment				ONLINE
OVERHEAD SPRAYER 4	A904	Equipment				ONLINE
OVERHEAD SPRAYER 5	A905	Equipment				ONLINE
OVERHEAD SPRAYER 6	A906	Equipment				ONLINE
OVERHEAD SPRAYER 7	A907	Equipment				ONLINE
OVERHEAD SPRAYER 8	A853	Equipment				ONLINE

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Asset Name	Asset Code	Category	Make	Model	Serial Number	Charge Dept.	Status
OVERHEAD SPRAYER 9	A908	Equipment					ONLINE
Offices/Lunchroom	A1535	Locations And Facilities					ONLINE
PRODUCT STORAGE	PRODUCT STORAGE	Locations And Facilities					ONLINE
Pur Distribution (63 Units)	A1719	Equipment	PUR DISTRIBUTION	PD-900DW	DM347221		ONLINE
Rice Lake Scale	A1547	Equipment	Rice Lake	BM1824-50	1928600022		ONLINE
Roll Up Doors Short Range (4)	A964	Equipment			191126048		ONLINE
Roll Up Doors Tall Range (8)	A950	Equipment			G0002821		ONLINE
SANITATION ROOM	SANITATION ROOM	Locations And Facilities					ONLINE
SCALE #1	SCALE ANNUAL	QA Dep't	SYMMERTY	10000-53 DB-15	PL87800317		ONLINE
SCALE #2	SCALE ANNUAL	QA Dep't	ADAM	GFK-165-AH	AE8251074		ONLINE
SCALE #3	SCALE ANNUAL	QA Dep't	OHAUS	T31P	C011142098		ONLINE
SCALE #4	SCALE ANNUAL	QA Dep't	OHAUS	NV-1201	8341115369		ONLINE
SCALE #5	SCALE ANNUAL	QA Dep't	OHAUS	PX3202/E	C008040248		ONLINE
SCALE #6	SCALE ANNUAL	QA Dep't	AND	GP-30K	14734349		ONLINE
SCALE #7	SCALE ANNUAL	QA Dep't	AND	GP-30K	14734355		ONLINE
SDI Tanks	SDI TANKS	Equipment					ONLINE
SHIPPING/RECEIVING	SHIPPING/RECEIVING	Locations And Facilities					ONLINE
SMD BOILER#1	BOIL1	BOIL		18626	SMD		ONLINE
Shade System	SHADE SYSTEM ZONE 6	Equipment					ONLINE
Shade System	SHADE SYSTEM ZONE 5	Equipment					ONLINE
Shade System	SHADE SYSTEM ZONE 4	Equipment					ONLINE
Shipping Docks 1,2,3 Annual	A951	Equipment					ONLINE
Short Range HAF	A1720	Equipment	CAN ARM	HAF-18-W	N/A		ONLINE
TABLES / BENCHES	A973	Equipment					ONLINE
TABLEWASH	TABLEWASH	TABLEWASH	CODEMA	TW001	TW1		ONLINE
TEST WEIGHT #1	ANNUAL	Tools			9989		ONLINE
TEST WEIGHT #2	ANNUAL	Tools			1		ONLINE
TEST WEIGHT #3	ANNUAL	Tools			2		ONLINE
TEST WEIGHT #4	ANNUAL	Tools			42950		ONLINE
TEST WEIGHT - AH-1	ANNUAL	Tools					ONLINE
TEST WEIGHT - AH-2	ANNUAL	QA Dep't	Global Scales and Systems Inc.	AH-2	7119000517		ONLINE
TEST WEIGHT - AH-3	ANNUAL	QA Dep't	Global Scales and Systems Inc.	AH-3	7119000505		ONLINE
TEST WEIGHT - DOT	ANNUAL	QA Dep't	Global Scales and Systems Inc.	DOT	7119000291		ONLINE
TRIM ROOM	TRIM ROOM	Locations And Facilities					ONLINE
Tall Range HAF	A1721	Equipment	CAN ARM	HAF24-20-WASC	N/A		ONLINE
Temp/RH Sensor (A)	A1270	Equipment		DRY-W1HD-2SX78	06196334A		ONLINE
Temp/RH Sensor (B)	A1271	Equipment		DRY-W1HD-2SX78	061963348		ONLINE
Temp/RH Sensor (C)	A1272	Equipment		DRY-W1HD-2SX78	06196334C		ONLINE
Temp/RH Sensor (D)	A1273	Equipment		DRY-W1HD-2SX78	06196334D		ONLINE
Temp/RH Sensor (E)	A1274	Equipment		DRY-W1HD-2SX78	06196334E		ONLINE
Temp/RH Sensor (F)	A1275	Equipment		DRY-W1HD-2SX78	06196334F		ONLINE
Temp/RH Sensor (G)	A1276	Equipment		DRY-W1HD-2SX78	06196334G		ONLINE
Temp/RH Sensor (H)	A1277	Equipment		DRY-W1HD-2SX78	06196334H		ONLINE
Temp/RH Sensor (I)	A1278	Equipment		DRY-W1HD-2SX78			ONLINE
Vac Pac	VAC PAC	Equipment	PLEXPACK CORP.	VS1-30	035913		ONLINE
Water Activity Meter	ANNUAL	QA Dep't	Rotronic	HP23-AW-A	0071931166		ONLINE
ZONE 1	ZONE 1	Locations And Facilities					ONLINE

ZONE 1 TRANSPORT LINE	A974	Equipment	ONLINE
ZONE 2	ZONE 2	Locations And Facilities	ONLINE
ZONE 2 TRANSPORT LINES	A975	Equipment	ONLINE
ZONE 3	ZONE 3	Locations And Facilities	ONLINE
ZONE 3 TRANSPORT LINES	A976	Equipment	ONLINE
ZONE 4	ZONE 4	Locations And Facilities	ONLINE
ZONE 5	ZONE 5	Locations And Facilities	ONLINE
ZONE 6	ZONE 6	Locations And Facilities	ONLINE
ZONE 7	ZONE 7	Locations And Facilities	ONLINE
Zone 1 Roll up pad wall covering	A965	Equipment	ONLINE
Zone 1 Shade Curtains	A968	Equipment	ONLINE
Zone 2 Blackout curtains	A971	Equipment	ONLINE
Zone 2 Haf fans	Z2 HAF FANS	Equipment	ONLINE
Zone 2 Shade Curtains	A969	Equipment	ONLINE
Zone 2 roll up's Pad wall covering	A966	Equipment	ONLINE
Zone 3 Blackout Curtains	A972	Equipment	ONLINE
Zone 3 Haf fans	Z3 HAF FANS	Equipment	ONLINE
Zone 3 Roll Ups for pad wall coverings	A967	Equipment	ONLINE
Zone 3 Shade Curtains	A970	Equipment	ONLINE
Zone 4 Haf Fans	Z4 HAF FANS	Equipment	ONLINE
Zone 5 Haf Fans	Z5 HAF FANS	Equipment	ONLINE
Zone 6 Haf Fans	Z6 HAF FANS	Equipment	ONLINE
Zone 7 Haf Fans	Z7 HAF FANS	Equipment	ONLINE
Zwarts Irrigation Silo	A1483	Equipment	ONLINE

GENERAL SECURITY AGREEMENT

TO: **NE SPC II LP**
c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, Ontario M5C 2V6

Attention: Tammy Kemp
Email: tammy.kemp@garringtonco.com

DATE: December 24, 2021

RECITALS:

A. Aleafia Inc. (the "**Debtor**") is, or may become, indebted or liable to NE SPC II LP (the "**Creditor**") pursuant to the terms of a loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") among, *inter alia*, the Debtor and the Creditor.

B. To secure the payment and performance of the Liabilities (as hereinafter defined), the Debtor has agreed to grant to the Creditor security interests in respect of the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditor as follows:

1. **Definitions.** In this Agreement, capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the Loan Agreement, and the following terms have the following meanings:

"Accessions", "Account", "Chattel Paper", "Consumer Goods", "Document of Title", "Equipment", "Goods", "Instrument", "Intangible", "Inventory", "Investment Property" and "Proceeds" have the meanings given to them in the PPSA.

"Books and Records" means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the "Governing Law" section of this Agreement.

"Collateral" means all of the present and future undertaking and Personal Property (and specifically including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditor in connection with this Agreement) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located.

"Contracts" means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement.

"Default" means any "Event of Default" as defined in the Loan Agreement.

"Intellectual Property Rights" means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights.

"Liabilities" means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Debtor to the Creditor, under, in connection with or with respect to the Loan Agreement and the other Loan Documents, and any unpaid balance thereof.

"Money" has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency.

"PPSA" means the Personal Property Security Act of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

"Permits" means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

"Personal Property" means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Investment Property.

"Receiver" means a receiver, a manager or a receiver and manager.

"Security Interest" means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. Grant of Security Interest. As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns (by way of security) to the Creditor, and grants to the Creditor a security interest in, the Collateral.

3. Limitations on Grant of Security Interest. If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditor and, on exercise by

the Creditor of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Creditor. In addition, the Security Interests created by this Agreement do not attach to Consumer Goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditor and, on the exercise by the Creditor of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Creditor.

4. Attachment; No Obligation to Advance. The Debtor confirms that value has been given by the Creditor to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Creditor have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditor to advance any funds or any additional funds.

5. Representations and Warranties. The Debtor represents and warrants to the Creditor that, as of the date of this Agreement:

(a) Places of Business, Name, Location of Collateral. The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement. The location of all other existing places where the Debtor carries on business or keeps tangible Personal Property, the location of all jurisdictions in which account debtors of the Debtor are located, and the location of all real property owned by the Debtor, are set out in Schedule A to this Agreement.

(b) Title; No Other Security Interests. Except for Permitted Encumbrances, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Encumbrances.

(c) Amount of Accounts. The amount represented by the Debtor to the Creditor from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Creditor at that time, will be owed free of any dispute, set-off or counterclaim.

(d) Authority; Consents. The Debtor has full power and authority to grant to the Creditor the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Creditor, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor, classified as Equipment and are included in calculating the Term Facility Borrowing Limited as set out in the Loan Agreement, is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All registrations and applications for registration pertaining to Intellectual Property Rights owned by the Debtor, and all other Intellectual Property Rights of the Debtor, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by the Creditor and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditor and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. Covenants. The Debtor covenants and agrees with the Creditor that:

(a) Further Documentation. The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Creditor may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Creditor will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Creditor authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Creditor Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) Delivery of Certain Collateral. Promptly upon request from time to time by the Creditor, the Debtor will deliver (or cause to be delivered) to the Creditor, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Creditor may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as the Creditor may specify in its request.

(c) Payment of Expenses; Indemnification. The Debtor will pay on demand, and will indemnify and save the Creditor harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Creditor in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its obligations under this Agreement, or (iii) incurred by the Creditor in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) Maintenance of Records. The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Creditor, the Debtor will mark any Collateral specified by the Creditor to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Creditor may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Creditor may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Creditor with such clerical and other assistance as may be reasonably requested by the Creditor to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Creditor, and the Debtor will defend the right, title and interest of the Creditor in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Creditor's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditor, remain segregated from the property of the Debtor or any other Person and will be immediately paid to the Creditor.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditor, or (ii) fail to

exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditor.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Creditor and will (i) contain a breach of warranty clause in favour of the Creditor, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Creditor, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditor, and (iv) name the Creditor as loss payee as its interest may appear. The Debtor will, from time to time at the Creditor's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Creditor. If the Debtor does not obtain or maintain such insurance, the Creditor may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Creditor for all payments made by the Creditor in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditor nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Creditor such statements, schedules, permits and licenses further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Creditor may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Creditor promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Creditor) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless

all filings have been made and all other actions taken that are required in order for the Creditor to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Creditor, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Creditor may request to evidence the Creditor's Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditor, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditor may, personally or by agent, at such time or times as the Creditor in its sole discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditor at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditor to be assembled and made available and/or delivered to the Creditor at any place designated by the Creditor.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Creditor may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Creditor deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Creditor or elsewhere, on such terms and conditions as the Creditor may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery. The Debtor shall only be entitled to credit against the liability for money actually received by the Creditor, less the Creditor's costs and expenses of disposition. In no event shall the Debtor be entitled to credit for any deferred payment in respect of collateral realized by the Creditor.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. 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 the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Creditor, the Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Creditor and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Creditor and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Creditor deems appropriate in the circumstances. The Debtor shall give the Creditor any assistance requested by the Creditor with respect to such accounts as may be required to assess its value.

(k) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of the Creditor or its nominee, with or without disclosing that the Investment Property is subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if the Creditor were the absolute owner of such Investment Property.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Creditor for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Creditor for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Creditor under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Creditor will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Creditor.

(p) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) Consultants. Require the Debtor to engage a consultant of the Creditor's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the

account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Creditor and to disclose to the Creditor any and all information obtained in the course of such consultant's employment.

The Creditor may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Creditor to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Creditor which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Creditor;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Creditor may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Creditor to exercise its rights and remedies under Section 8 when the Creditor is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Creditor an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Investment Property. The Creditor is authorized, in connection with any offer or sale of any Investment Property forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Investment Property. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Creditor will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Investment Property are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Creditor or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Creditor's rights under this Agreement), Security Interests in favour of Persons other than the Creditor, borrowings, taxes and other

outgoings affecting the Collateral or which are considered advisable by the Creditor or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of the Creditor, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Creditor considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Creditor's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Creditor and any officer or agent of the Creditor, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Creditor's discretion to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditor as secured party or any other Person on the Creditor's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Creditor or such other Person considers appropriate.

14. Performance by Creditor of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Creditor incurred in connection with any such performance or compliance will be payable by the Debtor to the Creditor immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Creditor under this Agreement is not paid when due, the Debtor will pay to the Creditor, immediately on demand, interest on such amount from the date due until paid, at the highest annual rate applicable to the Liabilities from time to time, including default rates. All amounts payable by the Debtor to the Creditor under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) Limitations on Creditor's Liability. The Creditor will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this

Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Creditor, a Receiver nor any agent of the Creditor (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons in respect of any Collateral. Neither the Creditor nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Creditor or any Receiver) caused for any reason other than the gross negligence or wilful misconduct of the Creditor or such Receiver.

(b) Debtor Remains Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Creditor will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Creditor of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Creditor will not be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) Collections on Accounts and Contracts. The Creditor hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Creditor at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and, in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Creditor if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditor, segregated from other funds of the Debtor or any other Person. All such amounts while held by the Creditor (or by the Debtor in trust for the Creditor) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred, the Creditor may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Creditor may elect. At the Creditor's request, the Debtor will deliver to the Creditor any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) Analysis of Accounts. The Creditor will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Creditor may require in connection therewith. The Creditor may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Creditor's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Creditor reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Creditor. The Creditor will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Creditor may consider desirable. The Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Creditor may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Creditor under this Agreement. The powers conferred on the Creditor under this Agreement are solely to protect the interests of the Creditor in the Collateral and will not impose any duty upon the Creditor to exercise any such powers.

19. Communication. Any notice or other communication required or permitted to be given under this Agreement will be made in accordance with the terms of the Loan Agreement.

20. Release of Information. The Debtor authorizes the Creditor to provide a copy of this Agreement and such other information as may be requested of the Creditor by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waiver. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against the Creditor, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of the exercise by the Creditor of any Receiver of any rights or remedies under this Agreement, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

22. Alteration or Waiver and Indemnity. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Creditor. The Creditor will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Creditor, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Creditor of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Creditor would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor agrees to indemnify the Creditor from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or wilful misconduct of the Creditor or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Creditor and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement

23. Environmental License and Indemnity. The Debtor hereby grants to the Creditor and its employees and agents an irrevocable and non-exclusive license, subject to the

rights of tenants, if any, to enter any of the premises of the Debtor to conduct audits, testing and monitoring with respect to hazardous substances and to remove and analyze any hazardous substance at the cost and expense of the Debtor (which cost and expense will form part of the Liabilities and will be payable immediately on demand and secured by the Security Interests created by this Agreement). The Debtor will indemnify the Creditor and hold the Creditor harmless against and from all losses, costs, damages and expenses which the Creditor may sustain, incur or be or become liable at any time whatsoever for by reason of or arising from the past, present or future existence, clean-up, removal or disposal of any hazardous substance on or about any property owned or occupied by the Debtor or compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any premises owned or occupied by the Debtor or other affected lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

24. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

25. Governing Law; Attornment. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Creditor to enforce this Agreement in any other proper jurisdiction, the Debtor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, the Debtor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such province.

26. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Creditor or is to be acceptable to the Creditor, such consent, approval or determination of acceptability will be in the sole discretion of the Creditor. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

27. Paramourcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement then, notwithstanding anything contained in this Agreement, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Agreement,

which is not contained in the Loan Agreement, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

28. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditor and its successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Creditor. If the Debtor or the Creditor is an individual, then the term "Debtor" or "Creditor", as applicable, will also include his or her heirs, administrators and executors.

29. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

30. Counterparts. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[signature page follows]

Dated as of the date first written above.

ALEAFIA INC.

DocuSigned by:

Geoff Benic

Per: _____
E39A909CB9844F4...

Name: Geoffrey Benic

Title: President

DocuSigned by:

Matthew Sale

Per: _____
7083A185A879460...

Name: Matthew Sale

Title: Authorized Signatory

We have authority to bind the corporation.

Address:

Facsimile:

E-Mail:

Schedule A

Location of Debtor's principal place of business

Ontario

Locations of Debtor's Real Property

None.

Locations where Debtor has Personal Property

378 South Service Road, Grimsby Ontario

20 Woodslee Avenue, Paris, Ontario

85 Basaltic Road, Concord, Ontario

2540 Regional Road 19, Blackstock, Ontario

36 York Mills Road, Suite 500/501 North York, Ontario

6 Logy Bay Road, St. John's, Newfoundland

5991 Spring Garden Road, Suite 440, Halifax, Nova Scotia

8-10 Rowan Street, Suite 206, Terrace on the Square, St. John's Newfoundland

11 Lakeside Terrace, Lower Level 03, Little Lake Health Centre, Barrie, Ontario


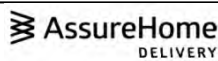
1385 Bank Street, Suite 305, Kilborn Medical Centre, Ottawa, Ontario

117 King Street East, 3rd Floor, Oshawa, Ontario

Motor Vehicles and Other Serial Numbered Goods

2019 Lincoln MKC – 5LMTJ3DH6KUL10394

Intellectual Property Owned by Debtor

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
A DESIGN		Aleafia Inc.	1889705	Canada	Registered
AHD HORIZONTAL Design		Aleafia Inc.	2023229	Canada	Pending

AHD LOGO		Aleafia Inc.	2023226	Canada	Pending
AHD VERTICAL Design		Aleafia Inc.	2023228	Canada	Pending
ALEAFIA DESIGN		Aleafia Inc.	1889702	Canada	Registered
ALEAFIA MEDICAL CANNABIS CARE	n/a	Aleafia Inc.	1889703	Canada	Registered
ALEAFIA MEDICAL CANNABIS CARE DESIGN		Aleafia Inc.	1889704	Canada	Registered
ALEAFIA	n/a	Aleafia Inc.	1889706	Canada	Registered
ASSUREHOME DELIVERY	n/a	Aleafia Inc.	2023227	Canada	Pending

Jurisdictions of account debtors of the Debtor

n/a

GENERAL SECURITY AGREEMENT

TO: **NE SPC II LP**
c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, Ontario M5C 2V6

Attention: Tammy Kemp
Email: tammy.kemp@garringtonco.com

DATE: December 24, 2021

RECITALS:

A. Aleafia Health Inc. (the "**Debtor**") is, or may become, indebted or liable to NE SPC II LP (the "**Creditor**") pursuant to the terms of a loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") among, *inter alia*, the Debtor and the Creditor.

B. To secure the payment and performance of the Liabilities (as hereinafter defined), the Debtor has agreed to grant to the Creditor security interests in respect of the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditor as follows:

1. **Definitions.** In this Agreement, capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the Loan Agreement, and the following terms have the following meanings:

"Accessions", "Account", "Chattel Paper", "Consumer Goods", "Document of Title", "Equipment", "Goods", "Instrument", "Intangible", "Inventory", "Investment Property" and "Proceeds" have the meanings given to them in the PPSA.

"Books and Records" means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the "Governing Law" section of this Agreement.

"Collateral" means all of the present and future undertaking and Personal Property (and specifically including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditor in connection with this Agreement) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located.

"Contracts" means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement.

"Default" means any "Event of Default" as defined in the Loan Agreement.

"Intellectual Property Rights" means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights.

"Liabilities" means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Debtor to the Creditor, under, in connection with or with respect to the Loan Agreement and the other Loan Documents, and any unpaid balance thereof.

"Money" has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency.

"PPSA" means the Personal Property Security Act of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

"Permits" means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

"Personal Property" means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Investment Property.

"Receiver" means a receiver, a manager or a receiver and manager.

"Security Interest" means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. Grant of Security Interest. As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns (by way of security) to the Creditor, and grants to the Creditor a security interest in, the Collateral.

3. Limitations on Grant of Security Interest. If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditor and, on exercise by

the Creditor of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Creditor. In addition, the Security Interests created by this Agreement do not attach to Consumer Goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditor and, on the exercise by the Creditor of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Creditor.

4. Attachment; No Obligation to Advance. The Debtor confirms that value has been given by the Creditor to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Creditor have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditor to advance any funds or any additional funds.

5. Representations and Warranties. The Debtor represents and warrants to the Creditor that, as of the date of this Agreement:

(a) Places of Business, Name, Location of Collateral. The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement. The location of all other existing places where the Debtor carries on business or keeps tangible Personal Property, the location of all jurisdictions in which account debtors of the Debtor are located, and the location of all real property owned by the Debtor, are set out in Schedule A to this Agreement.

(b) Title; No Other Security Interests. Except for Permitted Encumbrances, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Encumbrances.

(c) Amount of Accounts. The amount represented by the Debtor to the Creditor from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Creditor at that time, will be owed free of any dispute, set-off or counterclaim.

(d) Authority; Consents. The Debtor has full power and authority to grant to the Creditor the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Creditor, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor, classified as Equipment and are included in calculating the Term Facility Borrowing Limited as set out in the Loan Agreement, is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All registrations and applications for registration pertaining to Intellectual Property Rights owned by the Debtor, and all other Intellectual Property Rights of the Debtor, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by the Creditor and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditor and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. Covenants. The Debtor covenants and agrees with the Creditor that:

(a) Further Documentation. The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Creditor may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Creditor will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Creditor authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Creditor Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) Delivery of Certain Collateral. Promptly upon request from time to time by the Creditor, the Debtor will deliver (or cause to be delivered) to the Creditor, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Creditor may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as the Creditor may specify in its request.

(c) Payment of Expenses; Indemnification. The Debtor will pay on demand, and will indemnify and save the Creditor harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Creditor in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its obligations under this Agreement, or (iii) incurred by the Creditor in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) Maintenance of Records. The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Creditor, the Debtor will mark any Collateral specified by the Creditor to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Creditor may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Creditor may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Creditor with such clerical and other assistance as may be reasonably requested by the Creditor to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Creditor, and the Debtor will defend the right, title and interest of the Creditor in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Creditor's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditor, remain segregated from the property of the Debtor or any other Person and will be immediately paid to the Creditor.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditor, or (ii) fail to

exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditor.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Creditor and will (i) contain a breach of warranty clause in favour of the Creditor, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Creditor, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditor, and (iv) name the Creditor as loss payee as its interest may appear. The Debtor will, from time to time at the Creditor's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Creditor. If the Debtor does not obtain or maintain such insurance, the Creditor may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Creditor for all payments made by the Creditor in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditor nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Creditor such statements, schedules, permits and licenses further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Creditor may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Creditor promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Creditor) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless

all filings have been made and all other actions taken that are required in order for the Creditor to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Creditor, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Creditor may request to evidence the Creditor's Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditor, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditor may, personally or by agent, at such time or times as the Creditor in its sole discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditor at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditor to be assembled and made available and/or delivered to the Creditor at any place designated by the Creditor.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Creditor may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Creditor deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Creditor or elsewhere, on such terms and conditions as the Creditor may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery. The Debtor shall only be entitled to credit against the liability for money actually received by the Creditor, less the Creditor's costs and expenses of disposition. In no event shall the Debtor be entitled to credit for any deferred payment in respect of collateral realized by the Creditor.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. 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 the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Creditor, the Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Creditor and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Creditor and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Creditor deems appropriate in the circumstances. The Debtor shall give the Creditor any assistance requested by the Creditor with respect to such accounts as may be required to assess its value.

(k) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of the Creditor or its nominee, with or without disclosing that the Investment Property is subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if the Creditor were the absolute owner of such Investment Property.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Creditor for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Creditor for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Creditor under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Creditor will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Creditor.

(p) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) Consultants. Require the Debtor to engage a consultant of the Creditor's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the

account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Creditor and to disclose to the Creditor any and all information obtained in the course of such consultant's employment.

The Creditor may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Creditor to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Creditor which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Creditor;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Creditor may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Creditor to exercise its rights and remedies under Section 8 when the Creditor is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Creditor an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Investment Property. The Creditor is authorized, in connection with any offer or sale of any Investment Property forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Investment Property. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Creditor will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Investment Property are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Creditor or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Creditor's rights under this Agreement), Security Interests in favour of Persons other than the Creditor, borrowings, taxes and other

outgoings affecting the Collateral or which are considered advisable by the Creditor or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of the Creditor, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Creditor considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Creditor's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Creditor and any officer or agent of the Creditor, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Creditor's discretion to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditor as secured party or any other Person on the Creditor's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Creditor or such other Person considers appropriate.

14. Performance by Creditor of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Creditor incurred in connection with any such performance or compliance will be payable by the Debtor to the Creditor immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Creditor under this Agreement is not paid when due, the Debtor will pay to the Creditor, immediately on demand, interest on such amount from the date due until paid, at the highest annual rate applicable to the Liabilities from time to time, including default rates. All amounts payable by the Debtor to the Creditor under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) Limitations on Creditor's Liability. The Creditor will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Creditor, a Receiver nor any agent of the Creditor (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons in respect of any Collateral. Neither the Creditor nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Creditor or any Receiver) caused for any reason other than the gross negligence or wilful misconduct of the Creditor or such Receiver.

(b) Debtor Remains Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Creditor will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Creditor of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Creditor will not be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) Collections on Accounts and Contracts. The Creditor hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Creditor at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and, in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Creditor if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditor, segregated from other funds of the Debtor or any other Person. All such amounts while held by the Creditor (or by the Debtor in trust for the Creditor) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred, the Creditor may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Creditor may elect. At the Creditor's request, the Debtor will deliver to the Creditor any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) Analysis of Accounts. The Creditor will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Creditor may require in connection therewith. The Creditor may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract.

At any time and from time to time, upon the Creditor's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Creditor reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Creditor. The Creditor will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Creditor may consider desirable. The Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Creditor may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Creditor under this Agreement. The powers conferred on the Creditor under this Agreement are solely to protect the interests of the Creditor in the Collateral and will not impose any duty upon the Creditor to exercise any such powers.

19. Communication. Any notice or other communication required or permitted to be given under this Agreement will be made in accordance with the terms of the Loan Agreement.

20. Release of Information. The Debtor authorizes the Creditor to provide a copy of this Agreement and such other information as may be requested of the Creditor by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waiver. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against the Creditor, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of the exercise by the Creditor of any Receiver of any rights or remedies under this Agreement, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

22. Alteration or Waiver and Indemnity. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Creditor. The Creditor will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Creditor, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Creditor of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Creditor would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor agrees to indemnify the Creditor from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or wilful misconduct of the Creditor or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Creditor and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission

to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement

23. Environmental License and Indemnity. The Debtor hereby grants to the Creditor and its employees and agents an irrevocable and non-exclusive license, subject to the rights of tenants, if any, to enter any of the premises of the Debtor to conduct audits, testing and monitoring with respect to hazardous substances and to remove and analyze any hazardous substance at the cost and expense of the Debtor (which cost and expense will form part of the Liabilities and will be payable immediately on demand and secured by the Security Interests created by this Agreement). The Debtor will indemnify the Creditor and hold the Creditor harmless against and from all losses, costs, damages and expenses which the Creditor may sustain, incur or be or become liable at any time whatsoever for by reason of or arising from the past, present or future existence, clean-up, removal or disposal of any hazardous substance on or about any property owned or occupied by the Debtor or compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any premises owned or occupied by the Debtor or other affected lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

24. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

25. Governing Law; Attornment. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Creditor to enforce this Agreement in any other proper jurisdiction, the Debtor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, the Debtor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such province.

26. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Creditor or is to be acceptable to the Creditor, such consent, approval or determination of acceptability will be in the sole discretion of the Creditor. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

27. Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement then, notwithstanding anything

contained in this Agreement, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Agreement, which is not contained in the Loan Agreement, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

28. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditor and its successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Creditor. If the Debtor or the Creditor is an individual, then the term "Debtor" or "Creditor", as applicable, will also include his or her heirs, administrators and executors.

29. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

30. Counterparts. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[signature page follows]

Dated as of the date first written above.

ALEAFIA HEALTH INC.

DocuSigned by:
Geoff Benic
Per: _____
E20A900CB9944F4...
Name: Geoffrey Benic
Title: Chief Executive Officer

DocuSigned by:
Matthew Sale
Per: _____
7083A185A870460...
Name: Matthew Sale
Title: Chief Financial Officer

We have authority to bind the corporation.

Schedule A

Location of Debtor's principal place of business

Ontario

Locations of Debtor's Real Property

None.

Locations where Debtor has Personal Property

378 South Service Road, Grimsby Ontario

20 Woodslee Avenue, Paris, Ontario

85 Basaltic Road, Concord, Ontario

2540 Regional Road 19, Blackstock, Ontario

36 York Mills Road, Suite 500/501 North York, Ontario

6 Logy Bay Road, St. John's, Newfoundland

5991 Spring Garden Road, Suite 440, Halifax, Nova Scotia

8-10 Rowan Street, Suite 206, Terrace on the Square, St. John's Newfoundland

11 Lakeside Terrace, Lower Level 03, Little Lake Health Centre, Barrie, Ontario

1385 Bank Street, Suite 305, Kilborn Medical Centre, Ottawa, Ontario

117 King Street East, 3rd Floor, Oshawa, Ontario




Motor Vehicles and Other Serial Numbered Goods



None.

Intellectual Property Owned by Debtor

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
ALEAFIA HEALTH	n/a	Aleafia Health Inc.	2010170	Australia	Pending
ALEAFIA HEALTH SCIENCE		Aleafia Health Inc.	2010171	Australia	Pending

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
SEEDING WELLNESS					
everso	n/a	Aleafia Health Inc.	2009082	Australia	Pending
ALEAFIA CAMPUS	n/a	Aleafia Health Inc.	1962714	Canada	Pending
ALEAFIA CAMPUS DESIGN		Aleafia Health Inc.	1962715	Canada	Pending
ALEAFIA HEALTH	n/a	Aleafia Health Inc.	1962708	Canada	Pending
ALEAFIA HEALTH DESIGN		Aleafia Health Inc.	1962709	Canada	Pending
ALEAFIA HEALTH SCIENCE SEEDING WELLNESS DESIGN		Aleafia Health Inc.	1962710	Canada	Pending
BOGART'S KITCHEN	n/a	Aleafia Health Inc.	2079597	Canada	Pending
CREST Design		Aleafia Health Inc.	1947905	Canada	Pending
DIVVY	n/a	Aleafia Health Inc.	2079598	Canada	Pending

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
DIVVY CANNABIS CO	n/a	Aleafia Health Inc.	2079599	Canada	Pending
EVERSO	n/a	Aleafia Health Inc.	1962492	Canada	Pending
FOLIEDGE ACADEMY DESIGN		Aleafia Health Inc.	1947904	Canada	Pending
FOLIEDGE ACADEMY	n/a	Aleafia Health Inc.	1947903	Canada	Pending
LEAF DESIGN		Aleafia Health Inc.	1962711	Canada	Pending
N&N Design		Aleafia Health Inc.	2148922	Canada	Pending
NITH & GRIND	n/a	Aleafia Health Inc.	2112689	Canada	Pending
NITH & GRAND	n/a	Aleafia Health Inc.	2079596	Canada	Pending
SCIENCE SEEDING WELLNESS	n/a	Aleafia Health Inc.	1962712	Canada	Pending
SUNDAY MARKET	n/a	Aleafia Health Inc.	2079600	Canada	Pending

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
WE GROW TOGETHER	n/a	Aleafia Health Inc.	1962713	Canada	Pending
ALEAFIA HEALTH	n/a	Aleafia Health Inc.	302019012527	Germany	Registered
ALEAFIA HEALTH SCIENCE SEEDING WELLNESS		Aleafia Health Inc.	3020190125289	Germany	Registered
CREST DESIGN		Aleafia Health Inc.	30 2019 020 063.9	Germany	Registered
everso	n/a	Aleafia Health Inc.	3020190118312	Germany	Registered
FOLIEDGE ACADEMY DESIGN		Aleafia Health Inc.	30 2019 020 134.1	Germany	Pending
FOLIEDGE ACADEMY	n/a	Aleafia Health Inc.	30 2019 019 962.2	Germany	Registered

Jurisdictions of account debtors of the Debtor

n/a

GUARANTEE AND POSTPONEMENT

TO: **NE SPC II LP**
c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, Ontario M5C 2V6

Attention: Tammy Kemp
Email: tammykemp@garringtonco.com

DATE: December 24, 2021

RECITALS:

A. Aleafia Health Inc., Emblem Cannabis Corporation and Aleafia Farms Inc. (collectively, the "**Debtors**", and individually, a "**Debtor**"), **Aleafia Inc.** (the "**Guarantor**") and the other guarantors party thereto, and **NE SPC II LP** (the "**Creditor**") are parties to a loan agreement dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**").

B. It is in the interests of the Guarantor that the Creditor extend credit (or continue to extend credit) to the Debtors and therefore the Guarantor is prepared to issue this Guarantee to the Creditor;

For valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by the Guarantor, the Guarantor hereby agrees in favour of the Creditor as follows:

1. GUARANTEE. The Guarantor hereby unconditionally and irrevocably guarantees, jointly and severally, as a primary obligor and not merely as a surety, the prompt payment and performance to the Creditor, forthwith upon demand by the Creditor, of all present and future indebtedness, liabilities and obligations of any kind whatsoever (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Debtors to the Creditor under, in connection with or with respect to the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement) (collectively, the "**Obligations**"). All amounts payable by the Guarantor hereunder will be paid to the Creditor at the address of the Creditor shown above or as otherwise directed in writing by the Creditor. Any amounts payable by the Guarantor under this Guarantee which are not paid forthwith upon demand therefor by the Creditor will bear interest from the date of such demand at the rate or rates applicable to the corresponding Obligations.

2. GUARANTEE UNCONDITIONAL. The obligations of the Guarantor under this Guarantee are continuing, unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged, diminished, limited or otherwise affected by (and the Guarantor hereby waives, to the fullest extent permitted by applicable law): (a) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any Obligation, security, person or otherwise; (b) any modification or amendment of or supplement to the Obligations, including any increase or decrease in the principal, the rates of interest or other amounts payable thereunder; (c) any release, non-perfection or invalidity of any direct or indirect security for any Obligation; (d) any change in the existence, structure, constitution, name, objects, powers, business, control or ownership of any Debtor or any other person, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Debtor or any other person or its assets; (e) the existence of any claim, set-off or other rights which the Guarantor may have at any time against any Debtor, the Creditor, or any other person, whether in connection herewith or any unrelated transactions; (f) any invalidity, illegality or unenforceability relating

to or against any Debtor or any provision of applicable law or regulation purporting to prohibit the payment by the Debtors of the principal or interest under the Obligations; (g) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Creditor to payment of the Obligations; (h) any release, substitution or addition of any cosigner, endorser or other guarantor of the Obligations; (i) any defence arising by reason of any failure of the Creditor to make any presentment, demand for performance, notice of non-performance, protest, and any other notice, including notice of all of the following: acceptance of this Guarantee, partial payment or non-payment of all or any part of the Obligations and the existence, creation, or incurring of new or additional Obligations; (j) any defence arising by reason of any failure of the Creditor to proceed against any Debtor or any other person, to proceed against, apply or exhaust any security held from any Debtor or any other person for the Obligations, to proceed against, apply or exhaust any security held from the Guarantor or any other person for this Guarantee or to pursue any other remedy in the power of the Creditor whatsoever; (k) any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation; (l) any defence arising by reason of any incapacity, lack of authority, or other defence of any Debtor or any other person, or by reason of any limitation, postponement, prohibition on the Creditor's right to payment of the Obligations or any part thereof, or by reason of the cessation from any cause whatsoever of the liability of any Debtor or any other person with respect to all or any part of the Obligations, or by reason of any act or omission of the Creditor or others which directly or indirectly results in the discharge or release of any Debtor or any other person or all or any part of the Obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise; (m) any defence arising by reason of any failure by the Creditor to obtain, perfect or maintain a perfected or prior (or any) security interest in or lien or encumbrance upon any property of any Debtor or any other person, or by reason of any interest of the Creditor in any property, whether as owner thereof or the holder of a security interest therein or lien or encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by the Creditor of any right to recourse or collateral; (n) any defence arising by reason of the failure of the Creditor to marshal any assets; (o) any defence based upon any failure of the Creditor to give to the Debtors or the Guarantor notice of any sale or other disposition of any property securing any or all of the Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Creditor to comply with any provision of applicable law in enforcing any security interest in or lien upon any such property, including any failure by the Creditor to dispose of any such property in a commercially reasonable manner; (p) any dealing whatsoever with any Debtor or other person or any security, whether negligently or not, or any failure to do so; (q) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Debtor or any other person, including any discharge of, or bar against collecting, any of the Obligations, in or as a result of any such proceeding; or (r) any other act or omission to act or delay of any kind by any Debtor, the Creditor, or any other person or any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might, but for the provisions of this Section 2, constitute a legal or equitable discharge, limitation or reduction of the Guarantor's obligations hereunder (other than the payment or extinguishment in full of all of the Obligations). The foregoing provisions apply (and the foregoing waivers will be effective) even if the effect of any action (or failure to take action) by the Creditor is to destroy or diminish the Guarantor's subrogation rights, the Guarantor's right to proceed against the Debtors for reimbursement, the Guarantor's right to recover contribution from any other guarantor or any other right or remedy.

3. RELIANCE ON AGENTS. The Creditor is entitled to assume, notwithstanding any investigation by or on behalf of the Creditor, the power of the Debtors and the Guarantor and the authority of the

officers, directors or agents acting or purporting to act on behalf of the Debtors or the Guarantor, and any Obligations made or created in reliance upon the exercise of such power or authority will be guaranteed hereunder.

4. RECOURSE AGAINST DEBTOR. The Creditor is not required to exhaust its recourse against the Debtors or others or under any other security or guarantee before being entitled to payment from the Guarantor under this Guarantee.

5. SETTLEMENT OF ACCOUNTS. Any account settled or stated between the Creditor and the Debtors will be accepted by the Guarantor as *prima facie* evidence that the amount thereby appearing due by the Debtors to the Creditor is so due.

6. NO WAIVER. No delay on the part of the Creditor in exercising any of its options, powers or rights, or partial or single exercise thereof, will constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, will be deemed to be made by the Creditor unless the same will be in writing, duly signed on behalf of the Creditor, and each such waiver, if any, will apply only with respect to the specific instance involved, and will in no way impair the rights of the Creditor or the liabilities of the Guarantor to the Creditor in any other respect at any other time.

7. GUARANTEE OF ALL MONEYS BORROWED. All moneys and credits in fact borrowed or obtained by the Debtors from the Creditor, will be deemed to form part of the Obligations notwithstanding any incapacity, disability or lack or limitation of status or power of any Debtor or of the directors, officers, employees, partners or agents thereof, or that any Debtor may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of such moneys or credits. Any amount which may not be recoverable from the Guarantor by the Creditor on the basis of a guarantee will be recoverable by the Creditor from the Guarantor as principal debtor in respect thereof and will be paid to the Creditor forthwith after demand therefor as herein provided.

8. STAY OF ACCELERATION. If acceleration of the time for payment of any amount payable by the Debtors in respect of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of any Debtor or any moratorium affecting the payment of the Obligations, all such amounts otherwise subject to acceleration will nonetheless be payable by the Guarantor hereunder forthwith on demand by the Creditor.

9. REINSTATEMENT. If, at any time, all or any part of any payment previously applied by the Creditor to any Obligation is or must be rescinded or returned by the Creditor for any reason whatsoever (including, without limitation, the insolvency, bankruptcy, or reorganization of the Debtors), such Obligation will, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Creditor, and this Guarantee will continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Creditor had not been made.

10. NO SUBROGATION. Notwithstanding any payment made by the Guarantor under this Guarantee or any setoff or application of funds of the Guarantor by the Creditor, the Guarantor will have no right of subrogation to, and waives, to the fullest extent permitted by law, any right to enforce any remedy which the Creditor now has or may hereafter have against the Debtors, until all of the Obligations have been indefeasibly paid in full; and until that time, the Guarantor waives any benefit of, and any right to participate in, any security, whether real or personal property, now or hereafter held by the Creditor for the Obligations.

11. ASSIGNMENT AND POSTPONEMENT. All present and future indebtedness and liability of the Debtors to the Guarantor is hereby assigned by the Guarantor to the Creditor and postponed to the Obligations and all moneys received by the Guarantor in respect thereof will be received in trust for and, unless prior written authorization from the Creditor to the contrary will have been obtained by the Guarantor, will be paid over to the Creditor upon demand by the Creditor. If the Creditor receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, the Guarantor will not be entitled to claim repayment against any Debtor until the Creditor's claims against the Debtors have been paid in full. In case of liquidation, winding up or bankruptcy of any Debtor (whether voluntary or involuntary) or if any Debtor will make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Creditor will have the right to rank for its full claims and receive all dividends or other payments in respect thereof in priority to the Guarantor until the claims of the Creditor have been paid in full, and the Guarantor will continue liable hereunder for any balance which may be owing to the Creditor by the Debtors. In the event of the valuation by the Creditor of any of its security and/or the retention thereof by the Creditor, such valuation and/or retention will not, as between the Creditor and the Guarantor, be considered as a purchase of such security, or as payment or satisfaction or reduction of the Obligations or any part thereof. The foregoing provisions of this Section 11 will not in any way limit or lessen the liability of the Guarantor under any other Section of this Guarantee.

12. FOREIGN CURRENCY OBLIGATIONS. The Guarantor will make payment relative to each Obligation in the currency (the "**Original Currency**") in which the Debtors are required to pay such Obligation. If the Guarantor makes payment relative to any Obligation to the Creditor in a currency other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment will constitute a discharge of the liability of the Guarantor hereunder in respect of such Obligation only to the extent of the amount of the Original Currency which the Creditor is able to purchase at Toronto, Ontario with the amount it receives on the date of receipt. If the amount of the Original Currency which the Creditor is able to purchase is less than the amount of such currency originally due to it in respect to the relevant Obligation, the Guarantor will indemnify and save the Creditor harmless from and against any loss or damage arising as a result of such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained in this Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Creditor and will continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.

13. TAXES AND SET-OFF BY GUARANTOR. All payments to be made by the Guarantor hereunder will be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor with respect to such payment will be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Creditor receives a net sum equal to the sum which it would have received had no deduction or withholding been required.

14. PAYMENT OF EXPENSES; INDEMNIFICATION. The Guarantor will pay on demand, and will indemnify and save the Creditor harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (a) incurred by the Creditor in the preparation, registration, administration or enforcement of this Guarantee, (b) with respect to, or resulting from, any failure or delay by the Guarantor in performing or observing any

of its obligations under this Guarantee, or (c) incurred by the Creditor in performing or observing any of the other covenants of the Guarantor under this Guarantee.

15. ADDITIONAL SECURITY. This Guarantee is in addition and without prejudice to any security of any kind (including other guarantees) now or hereafter held by the Creditor and any other rights or remedies that the Creditor might have.

16. SET-OFF BY CREDITOR. The Creditor may, to the fullest extent permitted by law, set-off and apply any and all deposits at any time held by the Creditor and any other indebtedness at any time owing by the Creditor to or for the credit or for the account of the Guarantor against any and all of the Obligations of the Guarantor now or hereafter existing under this Guarantee even if (a) the Creditor has not made any demand hereunder, (b) Obligations are contingent or unmatured, or (c) the Obligations are not in the same currency as the offsetting deposits or indebtedness which may be owing by the Creditor.

17. [RESERVED].

18. RELEASE OF INFORMATION. The Guarantor authorizes the Creditor to provide a copy of this Guarantee and such other information as may be requested of the Creditor by persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtors.

19. GOVERNING LAW; ATTORNMENT. This Guarantee will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable herein. Without prejudice to the ability of the Creditor to enforce this Guarantee in any other proper jurisdiction, the Guarantor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, the Guarantor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Guarantee in the courts of such Province.

20. SUCCESSORS AND ASSIGNS. This Guarantee will extend and enure to the benefit of the Creditor and its successors and assigns and will be binding upon the Guarantor and its successors. The Guarantor's obligations hereunder will not be assigned or delegated. The Creditor may from time to time, and without notice to or the consent of the Guarantor, assign or transfer all or any of the Obligations or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such Obligation or part thereof so transferred or assigned will remain an "Obligation" for the purposes of this Guarantee and any immediate and successive assignee or transferee of any Obligation or any interest therein will, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce, this Guarantee to the same extent as if such person were the Creditor.

21. TIME. Time is of the essence with respect to this Guarantee and the time for performance of the obligations of the Guarantor under this Guarantee may be strictly enforced by the Creditor.

22. SEVERABILITY. If any provision of this Guarantee is determined to be illegal, unconscionable or unenforceable, all other terms and provisions hereof will nevertheless remain effective and will be enforced to the fullest extent permitted by law.

23. COMMUNICATION. Any notice or other communication required or permitted to be given under this Agreement shall be made in accordance with the terms of the Loan Agreement.

24. REPRESENTATIONS AND WARRANTIES. The Guarantor represents and warrants to the Creditor, upon each of which representations and warranties the Creditor specifically relies, as follows:

(1) Litigation. There is no litigation or governmental proceeding pending or, to its knowledge, threatened against the Guarantor which, if adversely determined, would materially adversely affect the financial condition of the Guarantor.

(2) Burdensome Provisions, etc. The Guarantor is not a party to any agreement or instrument, or subject to any corporate restriction or any judgment, order, writ, injunction, decree, award, rule or regulation, which materially adversely affects or, to its knowledge, in the future is likely to materially and adversely affect, its ability to issue the Guarantee or to perform its obligations under this Guarantee.

(3) Contingent Liabilities and Debt. The Guarantor has no contingent liabilities which are not disclosed on or referred to in the financial statements most recently delivered to the Creditor which would have a material adverse effect on its business or prospects.

(4) Full Disclosure. Neither the financial statements most recently delivered to the Creditor nor any other written statement furnished by or on behalf of and at the direction of the Guarantor to the Creditor in connection with the negotiation or consummation of the transactions as contemplated hereby contain, as of the time such statements were so furnished, any untrue statement of a material fact or omitted as of such time, a material fact necessary to make the statements contained therein not misleading, and all such statements, taken as a whole, together with this Guarantee, do not contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained herein or therein not misleading.

(5) Material Adverse Change. Since the date of the most recent financial statements delivered to the Creditor and except as otherwise disclosed to the Creditor in writing (i) there has been no material adverse change in the financial condition of the Guarantor as shown on its balance sheet as at that date; and (ii) the business, operations, properties, condition, financial or otherwise, or prospects of the Guarantor have not, so far as the Guarantor can reasonably foresee, been materially and adversely affected as a result of any act or event including, without limitation, fire, accident, strike, expropriation or act of any government in Canada or elsewhere.

(6) Consents. No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action, in respect of, any Person, governmental authority or agency is required on the part of the Guarantor in connection with the execution and delivery and enforcement of this Guarantee.

(7) Due Execution, etc. This Guarantee has been duly executed and delivered by or on behalf of the Guarantor and constitutes a valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as enforceability may be limited by any bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(8) No Default, etc. Neither the execution nor the delivery of this Guarantee, the consummation of the transactions herein contemplated, nor compliance with the terms, conditions and provisions hereof conflicts with or will conflict with, or results or will result in, any breach of, or constitutes a default under any of the provisions of any agreement or instrument to which the Guarantor is a party or by which the Guarantor, or any of its property or assets are bound or (except as contemplated by this Guarantee) results or will result in the creation or imposition of any encumbrance upon any of the properties or assets of the Guarantor or results or will result in the contravention of any law or rule or regulation to which the Guarantor or its property or assets are subject and as a consequence of which the ability of the Guarantor to perform its obligations under this Guarantee is or would likely be adversely affected.

(9) Tax Returns. The Guarantor has filed all tax returns which are required to be filed and has paid all taxes which have become due as shown on such returns or any assessments received by the Guarantor where failure to do so would have a material adverse effect on the business, operations or financial condition of the Guarantor or its ability to perform its obligations under this Guarantee, except such taxes (if any) as are being contested in good faith by appropriate proceedings and for which a reserve reasonably satisfactory to the Creditor is provided; and the Guarantor is not aware of any proposed additional tax assessment against it.

25. [RESERVED].

26. DEBTOR'S FINANCIAL CONDITION. The Guarantor is fully aware of the financial condition of the Debtors.

27. INTERPRETATION. Unless otherwise expressly provided in this Guarantee, if any matter in this Guarantee is subject to the consent or approval of the Creditor or is to be acceptable to the Creditor, such consent, approval or determination of acceptability will be in the sole discretion of the Creditor. If any provision in this Guarantee refers to any action taken or to be taken by the Guarantor, or which the Guarantor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Guarantee into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Guarantee. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Guarantee, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Guarantee to a "Section" means the relevant Section of this Guarantee. If more than one person executes this Guarantee, their obligations under this Guarantee are joint and several. Any reference in this Guarantee to a "person" will be deemed to include an individual, corporation, partnership, trust, unincorporated organization, government and the heirs, executors, administrators or other legal representatives of an individual.

28. COUNTERPARTS. This Guarantee may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

29. COPY OF GUARANTEE. The Guarantor acknowledges receipt of an executed copy of this Guarantee.

[signature page follows]

GUARANTOR CONFIRMS THAT IT HAS REVIEWED THE CONTENTS OF THIS GUARANTEE, THAT IT HAS HAD AN OPPORTUNITY TO SEEK THE ADVICE OF LEGAL AND OTHER COUNSEL PRIOR TO EXECUTING THIS GUARANTEE AND THAT IT HAS AVAILED ITSELF OF SUCH OPPORTUNITY AND OBTAINED WHATEVER ADVICE NECESSARY TO ENSURE THAT IT FULLY UNDERSTANDS AND APPRECIATES ITS RIGHTS AND OBLIGATIONS UNDER THIS GUARANTEE.

Dated as of the date first written above.

ALEAFIA INC.

DocuSigned by:
Geoff Benic
Per: _____
E30A909CB9844F4...
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
7083A185A879460...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

GUARANTEE AND POSTPONEMENT

TO: **NE SPC II LP**
c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, Ontario M5C 2V6

Attention: Tammy Kemp
Email: tammykemp@garringtonco.com

DATE: December 24, 2021

RECITALS:

A. Aleafia Health Inc., Emblem Cannabis Corporation and Aleafia Farms Inc. (collectively, the "**Debtors**", and individually, a "**Debtor**"), **Emblem Corp.** (the "**Guarantor**") and the other guarantors party thereto, and **NE SPC II LP** (the "**Creditor**") are parties to a loan agreement dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**").

B. It is in the interests of the Guarantor that the Creditor extend credit (or continue to extend credit) to the Debtors and therefore the Guarantor is prepared to issue this Guarantee to the Creditor;

For valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by the Guarantor, the Guarantor hereby agrees in favour of the Creditor as follows:

1. GUARANTEE. The Guarantor hereby unconditionally and irrevocably guarantees, jointly and severally, as a primary obligor and not merely as a surety, the prompt payment and performance to the Creditor, forthwith upon demand by the Creditor, of all present and future indebtedness, liabilities and obligations of any kind whatsoever (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Debtors to the Creditor under, in connection with or with respect to the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement) (collectively, the "**Obligations**"). All amounts payable by the Guarantor hereunder will be paid to the Creditor at the address of the Creditor shown above or as otherwise directed in writing by the Creditor. Any amounts payable by the Guarantor under this Guarantee which are not paid forthwith upon demand therefor by the Creditor will bear interest from the date of such demand at the rate or rates applicable to the corresponding Obligations.

2. GUARANTEE UNCONDITIONAL. The obligations of the Guarantor under this Guarantee are continuing, unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged, diminished, limited or otherwise affected by (and the Guarantor hereby waives, to the fullest extent permitted by applicable law): (a) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any Obligation, security, person or otherwise; (b) any modification or amendment of or supplement to the Obligations, including any increase or decrease in the principal, the rates of interest or other amounts payable thereunder; (c) any release, non-perfection or invalidity of any direct or indirect security for any Obligation; (d) any change in the existence, structure, constitution, name, objects, powers, business, control or ownership of any Debtor or any other person, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Debtor or any other person or its assets; (e) the existence of any claim, set-off or other rights which the Guarantor may have at any time against any Debtor, the Creditor, or any other person, whether in connection herewith or any unrelated transactions; (f) any invalidity, illegality or unenforceability relating

to or against any Debtor or any provision of applicable law or regulation purporting to prohibit the payment by the Debtors of the principal or interest under the Obligations; (g) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Creditor to payment of the Obligations; (h) any release, substitution or addition of any cosigner, endorser or other guarantor of the Obligations; (i) any defence arising by reason of any failure of the Creditor to make any presentment, demand for performance, notice of non-performance, protest, and any other notice, including notice of all of the following: acceptance of this Guarantee, partial payment or non-payment of all or any part of the Obligations and the existence, creation, or incurring of new or additional Obligations; (j) any defence arising by reason of any failure of the Creditor to proceed against any Debtor or any other person, to proceed against, apply or exhaust any security held from any Debtor or any other person for the Obligations, to proceed against, apply or exhaust any security held from the Guarantor or any other person for this Guarantee or to pursue any other remedy in the power of the Creditor whatsoever; (k) any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation; (l) any defence arising by reason of any incapacity, lack of authority, or other defence of any Debtor or any other person, or by reason of any limitation, postponement, prohibition on the Creditor's right to payment of the Obligations or any part thereof, or by reason of the cessation from any cause whatsoever of the liability of any Debtor or any other person with respect to all or any part of the Obligations, or by reason of any act or omission of the Creditor or others which directly or indirectly results in the discharge or release of any Debtor or any other person or all or any part of the Obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise; (m) any defence arising by reason of any failure by the Creditor to obtain, perfect or maintain a perfected or prior (or any) security interest in or lien or encumbrance upon any property of any Debtor or any other person, or by reason of any interest of the Creditor in any property, whether as owner thereof or the holder of a security interest therein or lien or encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by the Creditor of any right to recourse or collateral; (n) any defence arising by reason of the failure of the Creditor to marshal any assets; (o) any defence based upon any failure of the Creditor to give to the Debtors or the Guarantor notice of any sale or other disposition of any property securing any or all of the Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Creditor to comply with any provision of applicable law in enforcing any security interest in or lien upon any such property, including any failure by the Creditor to dispose of any such property in a commercially reasonable manner; (p) any dealing whatsoever with any Debtor or other person or any security, whether negligently or not, or any failure to do so; (q) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Debtor or any other person, including any discharge of, or bar against collecting, any of the Obligations, in or as a result of any such proceeding; or (r) any other act or omission to act or delay of any kind by any Debtor, the Creditor, or any other person or any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might, but for the provisions of this Section 2, constitute a legal or equitable discharge, limitation or reduction of the Guarantor's obligations hereunder (other than the payment or extinguishment in full of all of the Obligations). The foregoing provisions apply (and the foregoing waivers will be effective) even if the effect of any action (or failure to take action) by the Creditor is to destroy or diminish the Guarantor's subrogation rights, the Guarantor's right to proceed against the Debtors for reimbursement, the Guarantor's right to recover contribution from any other guarantor or any other right or remedy.

3. RELIANCE ON AGENTS. The Creditor is entitled to assume, notwithstanding any investigation by or on behalf of the Creditor, the power of the Debtors and the Guarantor and the authority of the

officers, directors or agents acting or purporting to act on behalf of the Debtors or the Guarantor, and any Obligations made or created in reliance upon the exercise of such power or authority will be guaranteed hereunder.

4. RECOURSE AGAINST DEBTOR. The Creditor is not required to exhaust its recourse against the Debtors or others or under any other security or guarantee before being entitled to payment from the Guarantor under this Guarantee.

5. SETTLEMENT OF ACCOUNTS. Any account settled or stated between the Creditor and the Debtors will be accepted by the Guarantor as *prima facie* evidence that the amount thereby appearing due by the Debtors to the Creditor is so due.

6. NO WAIVER. No delay on the part of the Creditor in exercising any of its options, powers or rights, or partial or single exercise thereof, will constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, will be deemed to be made by the Creditor unless the same will be in writing, duly signed on behalf of the Creditor, and each such waiver, if any, will apply only with respect to the specific instance involved, and will in no way impair the rights of the Creditor or the liabilities of the Guarantor to the Creditor in any other respect at any other time.

7. GUARANTEE OF ALL MONEYS BORROWED. All moneys and credits in fact borrowed or obtained by the Debtors from the Creditor, will be deemed to form part of the Obligations notwithstanding any incapacity, disability or lack or limitation of status or power of any Debtor or of the directors, officers, employees, partners or agents thereof, or that any Debtor may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of such moneys or credits. Any amount which may not be recoverable from the Guarantor by the Creditor on the basis of a guarantee will be recoverable by the Creditor from the Guarantor as principal debtor in respect thereof and will be paid to the Creditor forthwith after demand therefor as herein provided.

8. STAY OF ACCELERATION. If acceleration of the time for payment of any amount payable by the Debtors in respect of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of any Debtor or any moratorium affecting the payment of the Obligations, all such amounts otherwise subject to acceleration will nonetheless be payable by the Guarantor hereunder forthwith on demand by the Creditor.

9. REINSTATEMENT. If, at any time, all or any part of any payment previously applied by the Creditor to any Obligation is or must be rescinded or returned by the Creditor for any reason whatsoever (including, without limitation, the insolvency, bankruptcy, or reorganization of the Debtors), such Obligation will, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Creditor, and this Guarantee will continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Creditor had not been made.

10. NO SUBROGATION. Notwithstanding any payment made by the Guarantor under this Guarantee or any setoff or application of funds of the Guarantor by the Creditor, the Guarantor will have no right of subrogation to, and waives, to the fullest extent permitted by law, any right to enforce any remedy which the Creditor now has or may hereafter have against the Debtors, until all of the Obligations have been indefeasibly paid in full; and until that time, the Guarantor waives any benefit of, and any right to participate in, any security, whether real or personal property, now or hereafter held by the Creditor for the Obligations.

11. ASSIGNMENT AND POSTPONEMENT. All present and future indebtedness and liability of the Debtors to the Guarantor is hereby assigned by the Guarantor to the Creditor and postponed to the Obligations and all moneys received by the Guarantor in respect thereof will be received in trust for and, unless prior written authorization from the Creditor to the contrary will have been obtained by the Guarantor, will be paid over to the Creditor upon demand by the Creditor. If the Creditor receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, the Guarantor will not be entitled to claim repayment against any Debtor until the Creditor's claims against the Debtors have been paid in full. In case of liquidation, winding up or bankruptcy of any Debtor (whether voluntary or involuntary) or if any Debtor will make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Creditor will have the right to rank for its full claims and receive all dividends or other payments in respect thereof in priority to the Guarantor until the claims of the Creditor have been paid in full, and the Guarantor will continue liable hereunder for any balance which may be owing to the Creditor by the Debtors. In the event of the valuation by the Creditor of any of its security and/or the retention thereof by the Creditor, such valuation and/or retention will not, as between the Creditor and the Guarantor, be considered as a purchase of such security, or as payment or satisfaction or reduction of the Obligations or any part thereof. The foregoing provisions of this Section 11 will not in any way limit or lessen the liability of the Guarantor under any other Section of this Guarantee.

12. FOREIGN CURRENCY OBLIGATIONS. The Guarantor will make payment relative to each Obligation in the currency (the "**Original Currency**") in which the Debtors are required to pay such Obligation. If the Guarantor makes payment relative to any Obligation to the Creditor in a currency other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment will constitute a discharge of the liability of the Guarantor hereunder in respect of such Obligation only to the extent of the amount of the Original Currency which the Creditor is able to purchase at Toronto, Ontario with the amount it receives on the date of receipt. If the amount of the Original Currency which the Creditor is able to purchase is less than the amount of such currency originally due to it in respect to the relevant Obligation, the Guarantor will indemnify and save the Creditor harmless from and against any loss or damage arising as a result of such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained in this Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Creditor and will continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.

13. TAXES AND SET-OFF BY GUARANTOR. All payments to be made by the Guarantor hereunder will be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor with respect to such payment will be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Creditor receives a net sum equal to the sum which it would have received had no deduction or withholding been required.

14. PAYMENT OF EXPENSES; INDEMNIFICATION. The Guarantor will pay on demand, and will indemnify and save the Creditor harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (a) incurred by the Creditor in the preparation, registration, administration or enforcement of this Guarantee, (b) with respect to, or resulting from, any failure or delay by the Guarantor in performing or observing any

of its obligations under this Guarantee, or (c) incurred by the Creditor in performing or observing any of the other covenants of the Guarantor under this Guarantee.

15. ADDITIONAL SECURITY. This Guarantee is in addition and without prejudice to any security of any kind (including other guarantees) now or hereafter held by the Creditor and any other rights or remedies that the Creditor might have.

16. SET-OFF BY CREDITOR. The Creditor may, to the fullest extent permitted by law, set-off and apply any and all deposits at any time held by the Creditor and any other indebtedness at any time owing by the Creditor to or for the credit or for the account of the Guarantor against any and all of the Obligations of the Guarantor now or hereafter existing under this Guarantee even if (a) the Creditor has not made any demand hereunder, (b) Obligations are contingent or unmatured, or (c) the Obligations are not in the same currency as the offsetting deposits or indebtedness which may be owing by the Creditor.

17. [RESERVED].

18. RELEASE OF INFORMATION. The Guarantor authorizes the Creditor to provide a copy of this Guarantee and such other information as may be requested of the Creditor by persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtors.

19. GOVERNING LAW; ATTORNMENT. This Guarantee will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable herein. Without prejudice to the ability of the Creditor to enforce this Guarantee in any other proper jurisdiction, the Guarantor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, the Guarantor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Guarantee in the courts of such Province.

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(3) Contingent Liabilities and Debt. The Guarantor has no contingent liabilities which are not disclosed on or referred to in the financial statements most recently delivered to the Creditor which would have a material adverse effect on its business or prospects.

(4) Full Disclosure. Neither the financial statements most recently delivered to the Creditor nor any other written statement furnished by or on behalf of and at the direction of the Guarantor to the Creditor in connection with the negotiation or consummation of the transactions as contemplated hereby contain, as of the time such statements were so furnished, any untrue statement of a material fact or omitted as of such time, a material fact necessary to make the statements contained therein not misleading, and all such statements, taken as a whole, together with this Guarantee, do not contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained herein or therein not misleading.

(5) Material Adverse Change. Since the date of the most recent financial statements delivered to the Creditor and except as otherwise disclosed to the Creditor in writing (i) there has been no material adverse change in the financial condition of the Guarantor as shown on its balance sheet as at that date; and (ii) the business, operations, properties, condition, financial or otherwise, or prospects of the Guarantor have not, so far as the Guarantor can reasonably foresee, been materially and adversely affected as a result of any act or event including, without limitation, fire, accident, strike, expropriation or act of any government in Canada or elsewhere.

(6) Consents. No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action, in respect of, any Person, governmental authority or agency is required on the part of the Guarantor in connection with the execution and delivery and enforcement of this Guarantee.

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(9) Tax Returns. The Guarantor has filed all tax returns which are required to be filed and has paid all taxes which have become due as shown on such returns or any assessments received by the Guarantor where failure to do so would have a material adverse effect on the business, operations or financial condition of the Guarantor or its ability to perform its obligations under this Guarantee, except such taxes (if any) as are being contested in good faith by appropriate proceedings and for which a reserve reasonably satisfactory to the Creditor is provided; and the Guarantor is not aware of any proposed additional tax assessment against it.

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29. COPY OF GUARANTEE. The Guarantor acknowledges receipt of an executed copy of this Guarantee.

[signature page follows]

GUARANTOR CONFIRMS THAT IT HAS REVIEWED THE CONTENTS OF THIS GUARANTEE, THAT IT HAS HAD AN OPPORTUNITY TO SEEK THE ADVICE OF LEGAL AND OTHER COUNSEL PRIOR TO EXECUTING THIS GUARANTEE AND THAT IT HAS AVAILED ITSELF OF SUCH OPPORTUNITY AND OBTAINED WHATEVER ADVICE NECESSARY TO ENSURE THAT IT FULLY UNDERSTANDS AND APPRECIATES ITS RIGHTS AND OBLIGATIONS UNDER THIS GUARANTEE.

Dated as of the date first written above.

EMBLEM CORP.

DocuSigned by:
Geoff Benic
Per: _____
E39A909CB844F4...
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
7083A185A879460...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

GUARANTEE AND POSTPONEMENT

TO: **NE SPC II LP**
c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, Ontario M5C 2V6

Attention: Tammy Kemp
Email: tammykemp@garringtonco.com

DATE: December 24, 2021

RECITALS:

A. Aleafia Health Inc., Emblem Cannabis Corporation and Aleafia Farms Inc. (collectively, the "**Debtors**", and individually, a "**Debtor**"), **Canabo Medical Corporation** (the "**Guarantor**") and the other guarantors party thereto, and **NE SPC II LP** (the "**Creditor**") are parties to a loan agreement dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**").

B. It is in the interests of the Guarantor that the Creditor extend credit (or continue to extend credit) to the Debtors and therefore the Guarantor is prepared to issue this Guarantee to the Creditor;

For valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by the Guarantor, the Guarantor hereby agrees in favour of the Creditor as follows:

1. GUARANTEE. The Guarantor hereby unconditionally and irrevocably guarantees, jointly and severally, as a primary obligor and not merely as a surety, the prompt payment and performance to the Creditor, forthwith upon demand by the Creditor, of all present and future indebtedness, liabilities and obligations of any kind whatsoever (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Debtors to the Creditor under, in connection with or with respect to the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement) (collectively, the "**Obligations**"). All amounts payable by the Guarantor hereunder will be paid to the Creditor at the address of the Creditor shown above or as otherwise directed in writing by the Creditor. Any amounts payable by the Guarantor under this Guarantee which are not paid forthwith upon demand therefor by the Creditor will bear interest from the date of such demand at the rate or rates applicable to the corresponding Obligations.

2. GUARANTEE UNCONDITIONAL. The obligations of the Guarantor under this Guarantee are continuing, unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged, diminished, limited or otherwise affected by (and the Guarantor hereby waives, to the fullest extent permitted by applicable law): (a) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any Obligation, security, person or otherwise; (b) any modification or amendment of or supplement to the Obligations, including any increase or decrease in the principal, the rates of interest or other amounts payable thereunder; (c) any release, non-perfection or invalidity of any direct or indirect security for any Obligation; (d) any change in the existence, structure, constitution, name, objects, powers, business, control or ownership of any Debtor or any other person, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Debtor or any other person or its assets; (e) the existence of any claim, set-off or other rights which the Guarantor may have at any time against any Debtor, the Creditor, or any other person, whether in

connection herewith or any unrelated transactions; (f) any invalidity, illegality or unenforceability relating to or against any Debtor or any provision of applicable law or regulation purporting to prohibit the payment by the Debtors of the principal or interest under the Obligations; (g) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Creditor to payment of the Obligations; (h) any release, substitution or addition of any cosigner, endorser or other guarantor of the Obligations; (i) any defence arising by reason of any failure of the Creditor to make any presentment, demand for performance, notice of non-performance, protest, and any other notice, including notice of all of the following: acceptance of this Guarantee, partial payment or non-payment of all or any part of the Obligations and the existence, creation, or incurring of new or additional Obligations; (j) any defence arising by reason of any failure of the Creditor to proceed against any Debtor or any other person, to proceed against, apply or exhaust any security held from any Debtor or any other person for the Obligations, to proceed against, apply or exhaust any security held from the Guarantor or any other person for this Guarantee or to pursue any other remedy in the power of the Creditor whatsoever; (k) any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation; (l) any defence arising by reason of any incapacity, lack of authority, or other defence of any Debtor or any other person, or by reason of any limitation, postponement, prohibition on the Creditor's right to payment of the Obligations or any part thereof, or by reason of the cessation from any cause whatsoever of the liability of any Debtor or any other person with respect to all or any part of the Obligations, or by reason of any act or omission of the Creditor or others which directly or indirectly results in the discharge or release of any Debtor or any other person or all or any part of the Obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise; (m) any defence arising by reason of any failure by the Creditor to obtain, perfect or maintain a perfected or prior (or any) security interest in or lien or encumbrance upon any property of any Debtor or any other person, or by reason of any interest of the Creditor in any property, whether as owner thereof or the holder of a security interest therein or lien or encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by the Creditor of any right to recourse or collateral; (n) any defence arising by reason of the failure of the Creditor to marshal any assets; (o) any defence based upon any failure of the Creditor to give to the Debtors or the Guarantor notice of any sale or other disposition of any property securing any or all of the Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Creditor to comply with any provision of applicable law in enforcing any security interest in or lien upon any such property, including any failure by the Creditor to dispose of any such property in a commercially reasonable manner; (p) any dealing whatsoever with any Debtor or other person or any security, whether negligently or not, or any failure to do so; (q) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Debtor or any other person, including any discharge of, or bar against collecting, any of the Obligations, in or as a result of any such proceeding; or (r) any other act or omission to act or delay of any kind by any Debtor, the Creditor, or any other person or any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might, but for the provisions of this Section 2, constitute a legal or equitable discharge, limitation or reduction of the Guarantor's obligations hereunder (other than the payment or extinguishment in full of all of the Obligations). The foregoing provisions apply (and the foregoing waivers will be effective) even if the effect of any action (or failure to take action) by the Creditor is to destroy or diminish the Guarantor's subrogation rights, the Guarantor's right to proceed against the Debtors for reimbursement, the Guarantor's right to recover contribution from any other guarantor or any other right or remedy.

3. **RELIANCE ON AGENTS.** The Creditor is entitled to assume, notwithstanding any investigation by or on behalf of the Creditor, the power of the Debtors and the Guarantor and the authority of the officers, directors or agents acting or purporting to act on behalf of the Debtors or the Guarantor, and any Obligations made or created in reliance upon the exercise of such power or authority will be guaranteed hereunder.

4. **RECOURSE AGAINST DEBTOR.** The Creditor is not required to exhaust its recourse against the Debtors or others or under any other security or guarantee before being entitled to payment from the Guarantor under this Guarantee.

5. **SETTLEMENT OF ACCOUNTS.** Any account settled or stated between the Creditor and the Debtors will be accepted by the Guarantor as *prima facie* evidence that the amount thereby appearing due by the Debtors to the Creditor is so due.

6. **NO WAIVER.** No delay on the part of the Creditor in exercising any of its options, powers or rights, or partial or single exercise thereof, will constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, will be deemed to be made by the Creditor unless the same will be in writing, duly signed on behalf of the Creditor, and each such waiver, if any, will apply only with respect to the specific instance involved, and will in no way impair the rights of the Creditor or the liabilities of the Guarantor to the Creditor in any other respect at any other time.

7. **GUARANTEE OF ALL MONEYS BORROWED.** All moneys and credits in fact borrowed or obtained by the Debtors from the Creditor, will be deemed to form part of the Obligations notwithstanding any incapacity, disability or lack or limitation of status or power of any Debtor or of the directors, officers, employees, partners or agents thereof, or that any Debtor may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of such moneys or credits. Any amount which may not be recoverable from the Guarantor by the Creditor on the basis of a guarantee will be recoverable by the Creditor from the Guarantor as principal debtor in respect thereof and will be paid to the Creditor forthwith after demand therefor as herein provided.

8. **STAY OF ACCELERATION.** If acceleration of the time for payment of any amount payable by the Debtors in respect of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of any Debtor or any moratorium affecting the payment of the Obligations, all such amounts otherwise subject to acceleration will nonetheless be payable by the Guarantor hereunder forthwith on demand by the Creditor.

9. **REINSTATEMENT.** If, at any time, all or any part of any payment previously applied by the Creditor to any Obligation is or must be rescinded or returned by the Creditor for any reason whatsoever (including, without limitation, the insolvency, bankruptcy, or reorganization of the Debtors), such Obligation will, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Creditor, and this Guarantee will continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Creditor had not been made.

10. **NO SUBROGATION.** Notwithstanding any payment made by the Guarantor under this Guarantee or any setoff or application of funds of the Guarantor by the Creditor, the Guarantor will have no right of subrogation to, and waives, to the fullest extent permitted by law, any right to enforce any remedy which the Creditor now has or may hereafter have against the Debtors, until all of the Obligations have been indefeasibly paid in full; and until that time, the Guarantor waives any benefit of, and any right to participate in, any security, whether real or personal property, now or hereafter held by the Creditor for the Obligations.

11. ASSIGNMENT AND POSTPONEMENT. All present and future indebtedness and liability of the Debtors to the Guarantor is hereby assigned by the Guarantor to the Creditor and postponed to the Obligations and all moneys received by the Guarantor in respect thereof will be received in trust for and, unless prior written authorization from the Creditor to the contrary will have been obtained by the Guarantor, will be paid over to the Creditor upon demand by the Creditor. If the Creditor receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, the Guarantor will not be entitled to claim repayment against any Debtor until the Creditor's claims against the Debtors have been paid in full. In case of liquidation, winding up or bankruptcy of any Debtor (whether voluntary or involuntary) or if any Debtor will make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Creditor will have the right to rank for its full claims and receive all dividends or other payments in respect thereof in priority to the Guarantor until the claims of the Creditor have been paid in full, and the Guarantor will continue liable hereunder for any balance which may be owing to the Creditor by the Debtors. In the event of the valuation by the Creditor of any of its security and/or the retention thereof by the Creditor, such valuation and/or retention will not, as between the Creditor and the Guarantor, be considered as a purchase of such security, or as payment or satisfaction or reduction of the Obligations or any part thereof. The foregoing provisions of this Section 11 will not in any way limit or lessen the liability of the Guarantor under any other Section of this Guarantee.

12. FOREIGN CURRENCY OBLIGATIONS. The Guarantor will make payment relative to each Obligation in the currency (the "**Original Currency**") in which the Debtors are required to pay such Obligation. If the Guarantor makes payment relative to any Obligation to the Creditor in a currency other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment will constitute a discharge of the liability of the Guarantor hereunder in respect of such Obligation only to the extent of the amount of the Original Currency which the Creditor is able to purchase at Toronto, Ontario with the amount it receives on the date of receipt. If the amount of the Original Currency which the Creditor is able to purchase is less than the amount of such currency originally due to it in respect to the relevant Obligation, the Guarantor will indemnify and save the Creditor harmless from and against any loss or damage arising as a result of such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained in this Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Creditor and will continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.

13. TAXES AND SET-OFF BY GUARANTOR. All payments to be made by the Guarantor hereunder will be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor with respect to such payment will be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Creditor receives a net sum equal to the sum which it would have received had no deduction or withholding been required.

14. PAYMENT OF EXPENSES; INDEMNIFICATION. The Guarantor will pay on demand, and will indemnify and save the Creditor harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (a) incurred by the Creditor in the preparation, registration, administration or enforcement of this Guarantee, (b) with respect to, or resulting from, any failure or delay by the Guarantor in performing or observing any

of its obligations under this Guarantee, or (c) incurred by the Creditor in performing or observing any of the other covenants of the Guarantor under this Guarantee.

15. ADDITIONAL SECURITY. This Guarantee is in addition and without prejudice to any security of any kind (including other guarantees) now or hereafter held by the Creditor and any other rights or remedies that the Creditor might have.

16. SET-OFF BY CREDITOR. The Creditor may, to the fullest extent permitted by law, set-off and apply any and all deposits at any time held by the Creditor and any other indebtedness at any time owing by the Creditor to or for the credit or for the account of the Guarantor against any and all of the Obligations of the Guarantor now or hereafter existing under this Guarantee even if (a) the Creditor has not made any demand hereunder, (b) Obligations are contingent or unmatured, or (c) the Obligations are not in the same currency as the offsetting deposits or indebtedness which may be owing by the Creditor.

17. [RESERVED].

18. RELEASE OF INFORMATION. The Guarantor authorizes the Creditor to provide a copy of this Guarantee and such other information as may be requested of the Creditor by persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtors.

19. GOVERNING LAW; ATTORNMENT. This Guarantee will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable herein. Without prejudice to the ability of the Creditor to enforce this Guarantee in any other proper jurisdiction, the Guarantor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, the Guarantor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Guarantee in the courts of such Province.

20. SUCCESSORS AND ASSIGNS. This Guarantee will extend and enure to the benefit of the Creditor and its successors and assigns and will be binding upon the Guarantor and its successors. The Guarantor's obligations hereunder will not be assigned or delegated. The Creditor may from time to time, and without notice to or the consent of the Guarantor, assign or transfer all or any of the Obligations or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such Obligation or part thereof so transferred or assigned will remain an "Obligation" for the purposes of this Guarantee and any immediate and successive assignee or transferee of any Obligation or any interest therein will, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce, this Guarantee to the same extent as if such person were the Creditor.

21. TIME. Time is of the essence with respect to this Guarantee and the time for performance of the obligations of the Guarantor under this Guarantee may be strictly enforced by the Creditor.

22. SEVERABILITY. If any provision of this Guarantee is determined to be illegal, unconscionable or unenforceable, all other terms and provisions hereof will nevertheless remain effective and will be enforced to the fullest extent permitted by law.

23. COMMUNICATION. Any notice or other communication required or permitted to be given under this Agreement shall be made in accordance with the terms of the Loan Agreement.

24. REPRESENTATIONS AND WARRANTIES. The Guarantor represents and warrants to the Creditor, upon each of which representations and warranties the Creditor specifically relies, as follows:

(1) Litigation. There is no litigation or governmental proceeding pending or, to its knowledge, threatened against the Guarantor which, if adversely determined, would materially adversely affect the financial condition of the Guarantor.

(2) Burdensome Provisions, etc. The Guarantor is not a party to any agreement or instrument, or subject to any corporate restriction or any judgment, order, writ, injunction, decree, award, rule or regulation, which materially adversely affects or, to its knowledge, in the future is likely to materially and adversely affect, its ability to issue the Guarantee or to perform its obligations under this Guarantee.

(3) Contingent Liabilities and Debt. The Guarantor has no contingent liabilities which are not disclosed on or referred to in the financial statements most recently delivered to the Creditor which would have a material adverse effect on its business or prospects.

(4) Full Disclosure. Neither the financial statements most recently delivered to the Creditor nor any other written statement furnished by or on behalf of and at the direction of the Guarantor to the Creditor in connection with the negotiation or consummation of the transactions as contemplated hereby contain, as of the time such statements were so furnished, any untrue statement of a material fact or omitted as of such time, a material fact necessary to make the statements contained therein not misleading, and all such statements, taken as a whole, together with this Guarantee, do not contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained herein or therein not misleading.

(5) Material Adverse Change. Since the date of the most recent financial statements delivered to the Creditor and except as otherwise disclosed to the Creditor in writing (i) there has been no material adverse change in the financial condition of the Guarantor as shown on its balance sheet as at that date; and (ii) the business, operations, properties, condition, financial or otherwise, or prospects of the Guarantor have not, so far as the Guarantor can reasonably foresee, been materially and adversely affected as a result of any act or event including, without limitation, fire, accident, strike, expropriation or act of any government in Canada or elsewhere.

(6) Consents. No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action, in respect of, any Person, governmental authority or agency is required on the part of the Guarantor in connection with the execution and delivery and enforcement of this Guarantee.

(7) Due Execution, etc. This Guarantee has been duly executed and delivered by or on behalf of the Guarantor and constitutes a valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as enforceability may be limited by any bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(8) No Default, etc. Neither the execution nor the delivery of this Guarantee, the consummation of the transactions herein contemplated, nor compliance with the terms, conditions and provisions hereof conflicts with or will conflict with, or results or will result in, any breach of, or constitutes a default under any of the provisions of any agreement or instrument to which the Guarantor is a party or by which the Guarantor, or any of its property or assets are bound or (except as contemplated by this Guarantee) results or will result in the creation or imposition of any encumbrance upon any of the properties or assets of the Guarantor or results or will result in the contravention of any law or rule or regulation to which the Guarantor or its property or assets are subject and as a consequence of which the ability of the Guarantor to perform its obligations under this Guarantee is or would likely be adversely affected.

(9) Tax Returns. The Guarantor has filed all tax returns which are required to be filed and has paid all taxes which have become due as shown on such returns or any assessments received by the Guarantor where failure to do so would have a material adverse effect on the business, operations or financial condition of the Guarantor or its ability to perform its obligations under this Guarantee, except such taxes (if any) as are being contested in good faith by appropriate proceedings and for which a reserve reasonably satisfactory to the Creditor is provided; and the Guarantor is not aware of any proposed additional tax assessment against it.

25. [RESERVED].

26. DEBTOR'S FINANCIAL CONDITION. The Guarantor is fully aware of the financial condition of the Debtors.

27. INTERPRETATION. Unless otherwise expressly provided in this Guarantee, if any matter in this Guarantee is subject to the consent or approval of the Creditor or is to be acceptable to the Creditor, such consent, approval or determination of acceptability will be in the sole discretion of the Creditor. If any provision in this Guarantee refers to any action taken or to be taken by the Guarantor, or which the Guarantor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Guarantee into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Guarantee. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Guarantee, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Guarantee to a "Section" means the relevant Section of this Guarantee. If more than one person executes this Guarantee, their obligations under this Guarantee are joint and several. Any reference in this Guarantee to a "person" will be deemed to include an individual, corporation, partnership, trust, unincorporated organization, government and the heirs, executors, administrators or other legal representatives of an individual.

28. COUNTERPARTS. This Guarantee may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

29. COPY OF GUARANTEE. The Guarantor acknowledges receipt of an executed copy of this Guarantee.

[signature page follows]

GUARANTOR CONFIRMS THAT IT HAS REVIEWED THE CONTENTS OF THIS GUARANTEE, THAT IT HAS HAD AN OPPORTUNITY TO SEEK THE ADVICE OF LEGAL AND OTHER COUNSEL PRIOR TO EXECUTING THIS GUARANTEE AND THAT IT HAS AVAILED ITSELF OF SUCH OPPORTUNITY AND OBTAINED WHATEVER ADVICE NECESSARY TO ENSURE THAT IT FULLY UNDERSTANDS AND APPRECIATES ITS RIGHTS AND OBLIGATIONS UNDER THIS GUARANTEE.

Dated as of the date first written above.

CANABO MEDICAL CORPORATION

DocuSigned by:
Geoff Benic
Per: _____
E39A809CB9844F4...
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
7083A185A879460...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

Properties

PIN 32040 - 0546 LT *Interest/Estate* Fee Simple
Description FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3
 2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1
 AND 2 2R7264; COUNTY OF BRANT
Address 20 WOODSLEE AVE
 PARIS

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name EMBLEM CANNABIS CORPORATION
Address for Service 85 Basaltic Road, Concord, ON L4K 1G4

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name NEXT EDGE GENERAL PARTNER (ONTARIO) INC. *Capacity* General Partner
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, ON M5C 2V6

I am a general partner, the firm name of the Limited Partnership is NE SPC II LP.

Statements

Schedule: See Schedules

Provisions

Principal \$19,000,000.00 *Currency* CDN
Calculation Period
Balance Due Date On Demand
Interest Rate 25% per annum
Payments
Interest Adjustment Date
Payment Date On Demand
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor

Signed By

Denise Borzi 5000 Yonge Street, 10th Floor acting for Signed 2021 12 24
 Toronto
 M2N 7E9
 Chargee(s)

Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

CHAITONS LLP 5000 Yonge Street, 10th Floor 2021 12 24
 Toronto
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

Fees/Taxes/Payment

Statutory Registration Fee	\$66.30
Total Paid	\$66.30

SCHEDULE "A" – ADDITIONAL PROVISIONS

COLLATERAL MORTGAGE

This charge/mortgage of land (the "**Charge**") is collateral security for all present and future obligations and liabilities of Emblem Cannabis Corporation (the "**Chargor**"), Aleafia Health Inc. and Aleafia Farms Inc. to NE SPC II LP (the "**Chargee**") under, in connection with or with respect to the loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") among, *inter alia*, the Chargor and the Chargee.

STANDARD CHARGE TERMS

In the event of any inconsistency between the terms of this schedule to the Charge and the terms of standard charge terms number 200033, the terms of this schedule to the Charge shall prevail and the inclusion of any term in standard charge terms number 200033 that is not set out in this schedule to the Charge shall not be an inconsistency and shall be valid and enforceable in accordance with its terms.

In the event of any conflict or inconsistency between the provisions of this Charge or the terms of standard charge terms number 200033 and the provisions of the Loan Agreement then, notwithstanding anything contained in this Charge or the terms of standard charge terms number 200033, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Charge or the terms of standard charge terms number 200033 shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in in this Charge or the terms of standard charge terms number 200033, which is not contained in the Loan Agreement, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

Section 16 of Standard charge terms number 200033 is hereby deleted and replaced with the following:

16. The Chargor will insure and during the continuance of the Charge keep insured the buildings on the land in accordance with the provisions contained in the Loan Agreement.

NO SUBSEQUENT ENCUMBRANCES

The Chargor shall not without the Chargee's prior written consent, or except in accordance with the Loan Agreement, obtain secondary or subsequent financing, or charge or encumber the property secured hereby or any part thereof (the "**Property**") or interest therein or permit any lien or charge thereon.

DUE ON SALE AND SUBSEQUENT ENCUMBRANCES

If the Chargor sells, conveys, transfers or enters into any agreement of sale or transfer of the title of the Property or further encumbers of any of the Property (other than in accordance with the Loan Agreement) without the written consent of the Chargee, at any time while any amount secured by this Charge remains unpaid and outstanding, the balance of the principal then outstanding and all amounts secured by this Charge shall, at the option of the Chargee, become immediately due and payable.

DEFAULT

The Chargor covenants and agrees that an Event of Default (as defined in the Loan Agreement) shall constitute concurrent default under this Charge and upon the occurrence of an Event of Default, the Chargee shall be entitled to exercise any and all remedies available to it pursuant to this Charge, and with respect to any or all of the Property.

RECEIVER

Upon the occurrence of an Event of Default, this Charge or any security or any document submitted to the Chargee in connection therewith, the Chargee may, in its discretion, by writing appoint a receiver (which term shall include a receiver and manager) (a "**Receiver**") of the Property or any part of it and of the rents and profits from it and may from time to time remove any Receiver and appoint another in his place, and in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor unless the Chargee indicates in writing a contrary intention. The following provisions shall apply in respect of the appointment of any Receiver:

- (a) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Property or any part of it;
- (b) such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee and shall have the power to borrow on the security of the Property;
- (c) the Chargee may from time to time fix the remuneration of such Receiver and direct the payment of such remuneration from out of the proceeds of the Property;
- (d) such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or

- consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever;
- (e) such Receiver shall from time to time have the power to collect, realize, sell or otherwise deal with the Property in such manner, upon such terms and conditions and at such time or times as may seem to the Receiver to be advisable and without notice to the Chargor;
 - (f) such Receiver shall from time to time have the power to lease any portion of the Property which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient and, in so doing, such Receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent of the Chargee) and such Receiver shall have authority to execute, under seal or otherwise, any leases of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Property; and
 - (g) such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part of it in the name of the Chargor for the purpose of securing the payment of rental from the Property or any part of it, including the power to:
 - (i) take proceedings in the name of the Chargor or otherwise and to make any arrangement or compromise;
 - (ii) borrow or raise money on all or any part of the Property in priority to this Charge or otherwise for such purposes as may be approved by the Chargee;
 - (iii) give any and all notices to be given by the Chargor under any leases and exercise any and all rights of the Chargor under them;
 - (iv) do or cause to be done any and all acts and things under any lease and adjust and settle all matters relating to such performance; and
 - (v) institute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of the Property, defend all suits, proceedings and actions against the Chargor or the Receiver, appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and appeal any suit, proceeding or action.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Property in the same manner as if such documentation was duly executed by the Chargor itself.

Properties

PIN 46033 - 0368 LT *Interest/Estate* Fee Simple
Description 1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY
Address 378 SOUTH SERVICE RD
 GRIMSBY

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name ALEAFIA FARMS INC.
Address for Service 85 Basaltic Road, Concord, ON L4K 1G4
 A person or persons with authority to bind the corporation has/have consented to the registration of this document.
 This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name NEXT EDGE GENERAL PARTNER (ONATRIO) INC. *Capacity* General Partner
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, ON M5C 2V6

I am a general partner, the firm name of the Limited Partnership is NE SPC II LP.

Statements

Schedule: See Schedules

Provisions

Principal \$19,000,000.00 *Currency* CDN
Calculation Period
Balance Due Date On Demand
Interest Rate 25% per annum
Payments
Interest Adjustment Date
Payment Date On Demand
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor

Signed By

Denise Borzi 5000 Yonge Street, 10th Floor acting for Signed 2021 12 24
 Toronto Chargor(s)
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

CHAITONS LLP 5000 Yonge Street, 10th Floor 2021 12 24
 Toronto
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

Fees/Taxes/Payment

Statutory Registration Fee	\$66.30
Total Paid	\$66.30

SCHEDULE "A" – ADDITIONAL PROVISIONS

COLLATERAL MORTGAGE

This charge/mortgage of land (the "**Charge**") is collateral security for all present and future obligations and liabilities of Aleafia Farms Inc. (the "**Chargor**"), Aleafia Health Inc. and Emblem Cannabis Corporation to NE SPC II LP (the "**Chargee**") under, in connection with or with respect to the loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") among, *inter alia*, the Chargor and the Chargee.

STANDARD CHARGE TERMS

In the event of any inconsistency between the terms of this schedule to the Charge and the terms of standard charge terms number 200033, the terms of this schedule to the Charge shall prevail and the inclusion of any term in standard charge terms number 200033 that is not set out in this schedule to the Charge shall not be an inconsistency and shall be valid and enforceable in accordance with its terms.

In the event of any conflict or inconsistency between the provisions of this Charge or the terms of standard charge terms number 200033 and the provisions of the Loan Agreement then, notwithstanding anything contained in this Charge or the terms of standard charge terms number 200033, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Charge or the terms of standard charge terms number 200033 shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in in this Charge or the terms of standard charge terms number 200033, which is not contained in the Loan Agreement, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

Section 16 of Standard charge terms number 200033 is hereby deleted and replaced with the following:

16. The Chargor will insure and during the continuance of the Charge keep insured the buildings on the land in accordance with the provisions contained in the Loan Agreement.

NO SUBSEQUENT ENCUMBRANCES

The Chargor shall not without the Chargee's prior written consent, or except in accordance with the Loan Agreement, obtain secondary or subsequent financing, or charge or encumber the property secured hereby or any part thereof (the "**Property**") or interest therein or permit any lien or charge thereon.

DUE ON SALE AND SUBSEQUENT ENCUMBRANCES

If the Chargor sells, conveys, transfers or enters into any agreement of sale or transfer of the title of the Property or further encumbers of any of the Property (other than in accordance with the Loan Agreement) without the written consent of the Chargee, at any time while any amount secured by this Charge remains unpaid and outstanding, the balance of the principal then outstanding and all amounts secured by this Charge shall, at the option of the Chargee, become immediately due and payable.

DEFAULT

The Chargor covenants and agrees that an Event of Default (as defined in the Loan Agreement) shall constitute concurrent default under this Charge and upon the occurrence of an Event of Default, the Chargee shall be entitled to exercise any and all remedies available to it pursuant to this Charge, and with respect to any or all of the Property.

RECEIVER

Upon the occurrence of an Event of Default, this Charge or any security or any document submitted to the Chargee in connection therewith, the Chargee may, in its discretion, by writing appoint a receiver (which term shall include a receiver and manager) (a "**Receiver**") of the Property or any part of it and of the rents and profits from it and may from time to time remove any Receiver and appoint another in his place, and in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor unless the Chargee indicates in writing a contrary intention. The following provisions shall apply in respect of the appointment of any Receiver:

- (a) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Property or any part of it;
- (b) such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee and shall have the power to borrow on the security of the Property;
- (c) the Chargee may from time to time fix the remuneration of such Receiver and direct the payment of such remuneration from out of the proceeds of the Property;
- (d) such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or

- consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever;
- (e) such Receiver shall from time to time have the power to collect, realize, sell or otherwise deal with the Property in such manner, upon such terms and conditions and at such time or times as may seem to the Receiver to be advisable and without notice to the Chargor;
 - (f) such Receiver shall from time to time have the power to lease any portion of the Property which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient and, in so doing, such Receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent of the Chargee) and such Receiver shall have authority to execute, under seal or otherwise, any leases of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Property; and
 - (g) such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part of it in the name of the Chargor for the purpose of securing the payment of rental from the Property or any part of it, including the power to:
 - (i) take proceedings in the name of the Chargor or otherwise and to make any arrangement or compromise;
 - (ii) borrow or raise money on all or any part of the Property in priority to this Charge or otherwise for such purposes as may be approved by the Chargee;
 - (iii) give any and all notices to be given by the Chargor under any leases and exercise any and all rights of the Chargor under them;
 - (iv) do or cause to be done any and all acts and things under any lease and adjust and settle all matters relating to such performance; and
 - (v) institute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of the Property, defend all suits, proceedings and actions against the Chargor or the Receiver, appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and appeal any suit, proceeding or action.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Property in the same manner as if such documentation was duly executed by the Chargor itself.

ENVIRONMENTAL WARRANTY AND INDEMNITY

TO: NE SPC II LP

RE: NE SPC II LP (the “Lender”) credit facilities (collectively, the “Loan”) in favour of Aleafia Health Inc., Emblem Cannabis Corporation and Aleafia Farms Inc. (collectively, the “Borrowers”)

DATE: December 24, 2021

WHEREAS in connection with the Loan, the undersigned have or will provide security (the “Security”) to the Lender, including without limitation, a charge/mortgage of land over the lands and premises municipally known as 378 South Service Road, Grimsby, Ontario and legally described in PIN 46033-0368(LT) (the “**Grimsby Property**”) by Aleafia Farms Inc. and a charge/mortgage of land over the lands and premises municipally known as 20 Woodslee Avenue, Paris, Ontario and legally described in PIN 32040-0546(LT) (the “**Paris Property**”) and collectively with the Grimsby Property, the “**Properties**”) by Emblem Cannabis Corporation in favour of the Lender (collectively the “**Charges**”);

AND WHEREAS the Lender requires that the undersigned provide this Environmental Warranty and Indemnity in favour of the Lender;

NOW THEREFORE IN CONSIDERATION of the sum of \$10.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), each of the undersigned hereby, jointly and severally, represents, warrants and covenants to and in favour of the Lender as follows:

For the purposes of this Environmental Warranty and Indemnity, the following terms and expressions shall have the following meanings:

“**Applicable Laws**” means, in respect of any person, property, transaction or event, all applicable federal, provincial or municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licences, authorizations, approvals and all applicable common law or equitable principles in force and effect during the currency of the Charges.

“**Environmental Laws**” means all present and future Applicable Laws, standards and requirements relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation and clean-up or any other aspect of a Hazardous Substance.

“**Environmental Proceeding**” means any investigation, action, proceeding, conviction, fine, judgement, notice, order, claim, directive, permit, license, approval, agreement, security interest, charge, lien, hypothec or other encumbrance of any nature or kind arising under or relating to Environmental Laws.

“**Hazardous Substance**” means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated by-phenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products, and hazardous wastes.

1. Representations Regarding Environmental Matters

The undersigned hereby, jointly and severally, represent and warrant that:

- (a) the Properties and all businesses and operations conducted thereon comply with all Environmental Laws;

- (b) the Properties have not been used for or designated as a waste disposal site and the Properties contain no Hazardous Substances and there is no existing or threatened Environmental Proceeding against or affecting the Properties;
- (c) copies of all existing environmental assessments, audits, tests and reports relating to the Properties have been delivered to the Lender;
- (d) the buildings erected on the Properties are not now, and never have been insulated with urea formaldehyde foam insulation;
- (e) there are no pending or proposed changes to Environmental Laws or to any Environmental Proceedings which would render illegal or materially restrict or change the present use and operation of the Properties; and
- (f) none of the undersigned, nor any other person or organization:
 - (i) has used or permitted the use of the Properties to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances;
 - (ii) has been subject to any Environmental Proceeding related to the Properties;
 - (iii) has caused or permitted the release or discharge of any Hazardous Substance on or in the vicinity of the Properties;
 - (iv) has received or otherwise has knowledge of any Environmental Proceedings or of any facts which could give rise to any Environmental Proceeding related to the Properties;
 - (v) has undertaken any remediation or clean-up of any Hazardous Substance on or in the vicinity of the Properties; or
 - (vi) has defaulted in reporting any occurrence or circumstance to any governmental authority in relation to the Properties which is or was required to be reported pursuant to any Environmental Laws.

2. Covenants Regarding Environmental Matters

The undersigned hereby, jointly and severally, covenant and agree that it shall:

- (a) comply and shall ensure that the Properties and all businesses and operations conducted thereon comply with all Environmental Laws at all times;
- (b) not use or designate the Properties as a waste disposal site;
- (c) not permit any Hazardous Substance to be located, generated, manufactured, produced, refined, treated, processed, transported, transferred, stored, handled, spilled, discharged or disposed of at, on or under the Properties, nor shall the undersigned permit any other activity on or in respect of the Properties that might result in any Environmental Proceeding affecting the Properties, the undersigned or Lender;
- (d) not cause or permit the release or discharge of any Hazardous Substance on or in the vicinity of the Properties;
- (e) notify the Lender promptly of any threatened or actual Environmental Proceedings;

- (f) remediate and cure, in a timely manner, any non-compliance by the Properties or the undersigned with Environmental Laws, including, without limitation, removal of any Hazardous Substances from the Properties;
- (g) maintain all environmental and operating documents and records including, without limitation, all permits, licenses, certificates, approvals, orders and agreements relating to the Properties as required by Environmental Laws;
- (h) deliver to the Lender copies of all environmental assessments, audits, tests and reports relating to the Properties;
- (i) provide the Lender promptly upon request with such information, documents, records, permits, licences, certificates, approvals, orders, agreements, environmental audits, reports, assessments and inspections and take such other steps (all at the Borrowers' expense) as may be required by the Lender to confirm and/or ensure compliance by the Properties and the undersigned with Environmental Laws;
- (j) notify the Lender promptly of:
 - (i) any Environmental Laws of which it has knowledge, which would render illegal or materially restrict or change the present use and operation of the Properties;
 - (ii) any facts related to the Properties which could constitute a breach of Environmental Laws; and
 - (iii) any default in reporting any occurrence or circumstance to any governmental authority in relation to the Properties which is or was required to be reported pursuant to any Environmental Laws; and
- (k) execute all consents, authorizations and directions necessary to permit any inspection of the Properties by any governmental authority and to permit the release to the Lender or its representatives, of any information relating to the Properties, as the Lender may request from time to time.

3. **Environmental License**

The undersigned hereby grant to the Lender and its employees and agents an irrevocable and non-exclusive license to enter the Properties and any of the premises of the undersigned to conduct audits, testing and monitoring with respect to Hazardous Substances and to remove and analyze any Hazardous Substance at the cost and expense of the Borrowers (which cost and expense will form part of the Loan) and will be payable immediately on demand and secured by the Security.

4. **Environmental Indemnity**

Without limiting any other provision of this Environmental Warranty and Indemnity, the Charges or any documents collateral hereto and thereto and the undersigned shall indemnify and pay, protect, defend and save the Lender harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs, expenses (including reasonable legal fees on a substantial indemnity basis and disbursements) (collectively "**Environmental Claims**"), imposed on, made against or incurred by the Lender arising from or relating to, directly or indirectly, and whether or not caused by the undersigned or within its control:

- (i) any actual or alleged breach of Environmental Laws relating to or affecting the Properties;

- (ii) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Properties or surrounding lands, including, without limitation, any personal injury or property damage arising therefrom;
- (iii) any actual or threatened Environmental Proceeding affecting the Properties including any settlement thereof;
- (iv) any assessment, investigation, containment, monitoring, remediation and/or removal of all Hazardous Substances from all or part of the Properties or surrounding areas or otherwise complying with Environmental Laws; or
- (v) any breach by the undersigned of any covenant hereunder or under the Security, the Charges or any document collateral hereto or thereto or under Applicable Law relating to environmental matters.

This indemnity shall survive repayment of the Loan, foreclosure upon the Charges and any other extinguishing of the obligations of the undersigned under the Security, the Charges and any other exercise by the Lender of any remedies available to it against the undersigned.

5. Binding on Successors

This Environmental Warranty and Indemnity shall be binding upon the undersigned and their respective heirs, executors, administrators, successors and permitted assigns and shall enure to the benefit of the successors and assigns of the Lender.

6. Interpretation

The division of this Environmental Warranty and Indemnity into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Environmental Warranty and Indemnity. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Environmental Warranty and Indemnity, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Environmental Warranty and Indemnity to a "Section" means the relevant Section of this Environmental Warranty and Indemnity. If more than one person executes this Environmental Warranty and Indemnity, their obligations under this Environmental Warranty and Indemnity are joint and several. Any reference in this Environmental Warranty and Indemnity to a "person" will be deemed to include an individual, corporation, partnership, trust, unincorporated organization, government and the heirs, executors, administrators or other legal representatives of an individual. Any reference to a "business day" will be deemed to include any day which is not a Saturday, Sunday or a statutory holiday in the jurisdiction referred to in the "Governing Law" Section of this Environmental Warranty and Indemnity.

7. Notice

Any notice, demand, request or communication required or permitted to be given under this Environmental Warranty and Indemnity will be made in accordance with the terms of the loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time) among, *inter alia*, the undersigned and the Lender.

8. Governing Law

This Environmental Warranty and Indemnity shall be governed by and construed in accordance with the laws of the Province of Ontario and the applicable laws of Canada.

9. Severability

If any term or provision contained in this Environmental Warranty and Indemnity or the application of such term or condition to any Person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Environmental Warranty and Indemnity or the application of such term or provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Environmental Warranty and Indemnity shall be valid and enforceable to the fullest extent permitted by law. Time shall be of the essence in this Environmental Warranty and Indemnity in all respects.

10. Assignability by Lender

This Environmental Warranty and Indemnity and the rights and remedies contained in this Environmental Warranty and Indemnity shall be assignable by the Lender to any successor lender without releasing any liability of the undersigned to the Lender without the consent of the undersigned but with prior notice of such assignment to the undersigned. Notice of such assignment shall be given to the undersigned promptly after such assignment has been completed. If so assigned, the assignee shall have and be entitled to exercise any and all discretion, rights and powers of the Lender under this Environmental Warranty and Indemnity and all references in this Environmental Warranty and Indemnity to the Lender shall include such assignee.

11. Amendment

This Environmental Warranty and Indemnity may not be modified, amended, released, terminated or waived except with the written consent of the parties to this Environmental Warranty and Indemnity.

12. Further Assurances

The undersigned hereby covenant and agree that it shall at all times, at its own cost and expense, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds and assurances as the Lender may require, acting reasonably, for the better accomplishing or effectuating the terms of this Environmental Warranty and Indemnity.

13. Counterparts

This Environmental Warranty and Indemnity may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[signature page follows]

Dated this as of the date first written above.

ALEAFIA HEALTH INC.

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: Chief Executive Officer

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Chief Financial Officer

We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

ALEAFIA FARMS INC.

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

EMBLEM CORP.

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

ALEAFIA INC.

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

CANABO MEDICAL CORPORATION

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

SUBORDINATION, POSTPONEMENT AND STANDSTILL AGREEMENT

TO: NE SPC II LP (the “Lender”)

Re: Lender credit facilities in favour of Aleafia Health Inc., Emblem Cannabis Corporation and Aleafia Farms Inc. (collectively, the “Borrowers”)

WHEREAS the Lender, the Borrowers and Aleafia Inc., Emblem Corp. and Canabo Medical Corporation (collectively, the “**Guarantors**”), have entered into a loan agreement dated as of the date hereof, as (such agreement as amended, restated, supplemented, replaced or otherwise modified from time to time, the “**Loan Agreement**”);

AND WHEREAS the Lender has been or may be granted security interests, claims, charges, liens or other encumbrances by the Borrowers and the Guarantors (collectively, the “**Obligors**” and each an “**Obligor**”) and has registered or may register such security interest, claims, charges, liens and other encumbrances against one or more of the Obligors, including, without limitation, under the *Personal Property Security Act* of any Province or Territory of Canada or other applicable personal property security legislation, or under the *Land Titles Act* (Ontario) or *Registry Act* (Ontario) or other applicable land registry legislation (the “**Senior Security**”);

AND WHEREAS the Lender requires a security position in priority to the undersigned against all of the Obligors’ respective present and after-acquired property, assets and undertakings as a condition to extending credit to the Borrowers;

AND WHEREAS the undersigned has been or may be granted security interests, claims, charges, liens or other encumbrances by any of the Obligors and has registered or may register such security interests, claims, charges, liens or other encumbrances against any of the Obligors, including, without limitation, under the *Personal Property Security Act* of any Province or Territory of Canada or other applicable personal property security legislation, or under the *Land Titles Act* (Ontario) or *Registry Act* (Ontario) or other applicable land registry legislation (the “**Subordinate Security**”);

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the undersigned, the undersigned hereby consents to the Senior Security granted by the Obligors to and in favour of the Lender and acknowledges, covenants and agrees to and in favour of the Lender:

1. All present and future indebtedness and liability of the Obligors to the undersigned (collectively, the “**Subordinated Obligations**”) are hereby subordinated, deferred and postponed to all obligations of the Obligors to the Lender and no payment shall be made or received on account of the Subordinated Obligations, and any and all moneys received by the undersigned in respect thereof will be received in trust for and forthwith paid over to the Lender, except that commencing six months from the date hereof, Aleafia Health Inc. (“**Aleafia Health**”) shall make and the undersigned shall receive payments of interest on any indebtedness owing by Aleafia Health to the undersigned under the credit agreement dated as of August 20, 2021 between Aleafia Health and the undersigned, as such credit agreement may be amended, restated, replaced, refinanced or otherwise modified from time to time (the “**Subordinate Credit Agreement**”), provided that there shall not be a payment default or demand under the Loan Agreement as at the date of such payment. For purposes of greater certainty, if the undersigned receives a payment in contravention of this Subordination, Postponement and Standstill Agreement, the undersigned shall have received such payment in trust for and shall forthwith pay over such monies to Lender.
2. The undersigned shall give written notice to the Lender of any default of any Obligor regarding any Subordinated Obligations.
3. Save and except the Subordinate Security in respect of the real property municipally known as 2540 Regional Road 19, Blackstock, Ontario (the “**Port Perry Property**”) and the personal property and assets of Aleafia Farms Inc. (“**AFI**”) located at or arising from the Port Perry Property

(collectively, the “**Port Perry Collateral**”), the undersigned agrees that the Subordinate Security shall be fully and unconditionally subordinated to the Senior Security in favour of the Lender, notwithstanding any priority provided by any principle of law, equity or statute or the relative order of execution, delivery, creation, grant, registration, advance, attachment, possession, perfection or non-perfection, default, demand, notice, crystallization, enforceability or enforcement of the Senior Security or the Subordinate Security, or any other matter or thing whatsoever. For purposes of greater certainty, any insurance proceeds received by any of the Obligors or by the undersigned or the Lender in respect of the collateral charged by the Subordinate Security or the Senior Security shall be dealt with according to the preceding provisions hereof as though such proceeds were paid or payable as proceeds of realization of the collateral for which they compensate.

4. The undersigned shall not take any steps whatsoever whereby the priority or rights of the Lender as established hereunder shall or might be delayed, defeated, impaired or diminished, and the undersigned shall not and shall not cause any other person to challenge, object to, compete with or impede in any manner any act taken or proceeding commenced by the Lender in connection with the enforcement by the Lender of any of the Senior Security or realization of any Obligor's personal property, assets, undertaking and collateral.
5. The undersigned shall not, without the Lender's prior written consent, which it may exercise in its sole and unfettered discretion, take any steps whatsoever to enforce any Subordinate Obligations or Subordinate Security (save and except, the Subordinate Lender may demand and accelerate the Subordinate Obligations, issue statutory notices and take enforcement steps in respect of the Port Perry Collateral), unless and until the obligations of the Obligors to the Lender have been indefeasibly paid and performed in full to the absolute and sole satisfaction of Lender.
6. The undersigned shall do all things and execute all documents which may be reasonably requested by the Lender to give effect to this Subordination, Postponement and Standstill Agreement.
7. Each of AFI and Emblem Cannabis Corporation covenants and agrees to and in favour of the undersigned that it shall not grant any lien, charge, security interest, right or other encumbrances, whether fixed or floating, to be registered against or exist on any of the property and assets that are subject to the Subordinate Security other than in favour of the Lender pursuant to the Loan Agreement and the undersigned pursuant to the Subordinate Loan Agreement.

This Subordination, Postponement and Standstill Agreement shall enure to the benefit of and be binding upon the undersigned, the Lender and their respective successors and assigns. This Subordination, Postponement and Standstill Agreement may not be assigned by the undersigned without the prior written consent of the Lender (which it may exercise in its sole and unfettered discretion).


The undersigned hereby authorizes Chaitons LLP to register the necessary financing statement(s) to record the subordination created herein.

It is specifically acknowledged and agreed that this Subordination, Postponement and Standstill Agreement may be executed in counterparts, and acceptance of this Subordination, Postponement and Standstill Agreement may be provided by facsimile transmission or email transmission in PDF format and, on such execution and transmission, this Subordination, Postponement and Standstill Agreement shall be binding on the parties with the same force and effect as if originally executed.

This Subordination, Postponement and Standstill Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Lender to enforce this Subordination, Postponement and Standstill Agreement in any other proper jurisdiction, the undersigned irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such Province. To the extent permitted by applicable law, the undersigned irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Subordination, Postponement and Standstill Agreement in the courts of such Province.

DATED this 24th day of December, 2021.

1260356 ONTARIO LIMITED

Per: 
Name: Vic De Zee
Title: Director

Per: _____
Name: _____
Title: _____

I/We have authority to bind the corporation.

THE UNDERSIGNED HEREBY ACKNOWLEDGE receipt of a copy of the foregoing Subordination, Postponement and Standstill Agreement, accept all of the terms and conditions contained therein and further agree with the Lender to give effect to all of the provisions thereof. The undersigned further acknowledge that nothing contained in this Subordination, Postponement and Standstill Agreement shall confer any rights or benefits on the Obligors.

DATED this 24th day of December, 2021.

ALEAFIA HEALTH INC.

DocuSigned by:

Matthew Sale

Per: _____
7083A185A879460...

Name: Matthew Sale,
Title: Chief Financial Officer

DocuSigned by:

Geoff Benic

Per: _____
E39A909CB9844F4...

Name: Geoffrey Benic
Title: Chief Executive Officer

We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

DocuSigned by:

Geoff Benic

Per: _____
E39A909CB9844F4...

Name: Geoffrey Benic
Title: President

DocuSigned by:

Matthew Sale

Per: _____
7083A185A879460...

Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

ALEAFIA FARMS INC.

DocuSigned by:

Geoff Benic

Per: _____
E39A909CB9844F4...

Name: Geoffrey Benic
Title: President

DocuSigned by:

Matthew Sale

Per: _____
7083A185A879460...

Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

Properties

PIN 32040 - 0546 LT
Description FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3
 2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1
 AND 2 2R7264; COUNTY OF BRANT
Address 20 WOODSLEE AVE
 PARIS

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name EMBLEM CANNABIS CORPORATION
Address for Service 85 Basaltic Road, Concord, ON L4K 1G4

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Party To(s)**Capacity****Share**

Name NEXT EDGE GENERAL PARTNER (ONTARIO) INC. General Partner
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, ON M5C 2V6

I am a general partner, the firm name of the Limited Partnership is NE SPC II LP.

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, BC420311 registered on 2021/12/24 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Denise Borzi 5000 Yonge Street, 10th Floor acting for Signed 2021 12 24
 Toronto Applicant(s)
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of all parties to the document.

Denise Borzi 5000 Yonge Street, 10th Floor acting for Signed 2021 12 24
 Toronto Party To(s)
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

CHAITONS LLP 5000 Yonge Street, 10th Floor 2021 12 24
 Toronto
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

Fees/Taxes/Payment

Statutory Registration Fee \$66.30

Total Paid \$66.30

GENERAL ASSIGNMENT OF RENTS

THIS ASSIGNMENT made this 24th day of December, 2021.

B E T W E E N:

EMBLEM CANNABIS CORPORATION

hereinafter called the "Assignor"

- and -

NE SPC II LP

hereinafter called the "Assignee"

FOR VALUE RECEIVED, the Assignor doth hereby assigns to the Assignee, all rights, privileges, advantages and benefits whatsoever, including all rental and other income, arising pursuant to leases and/or agreements to lease and/or tenancies (herein referred to as the "Leases") now or hereafter affecting the lands and premises more particularly described in the Notice of Assignment of Rents attached hereto.

This Assignment is given as additional security for the payment of the sum of TWO DOLLARS (\$2.00) and all other sums secured by a charge between the Assignor, as chargor, and the Assignee, as chargee, charging the premises of which those demised in the Leases form all or part and which charge is herein referred to as the "Charge". The registration particulars of the Charge are described in the Notice of Assignment of Rents – General attached hereto. The security of this Assignment is and shall be primary and on a parity with the real estate conveyed by the Charge and not secondary. All amounts collected hereunder, after deducting the expense of collection, shall be applied on account of the indebtedness secured by the Charge, or in such other manner as may be provided in the Charge. Nothing herein contained shall be construed as constituting the Assignee as trustee, mortgagee or chargee in possession.

The Assignor does hereby empower the Assignee, its agents or attorneys, to collect, sue for, settle, compromise and give acquittances for all of the rents that may become due under the Leases and avail itself of and pursue all remedies for the enforcement of the Leases and the Assignor's rights in and under the Leases as the Assignor might have pursued but for this Assignment.

The Assignor warrants that the Leases, if any exist, are in full force and effect, and that the copies thereof heretofore delivered to the Assignee are true and correct copies, that the Assignor has not heretofore assigned or pledged the same or any interest therein, and that, to the best of the Assignee's knowledge, no default exists on the part of the lessees thereunder (herein called "the Lessees") or the Assignor, as lessor, in the performance on the part of either, of the terms, covenants, provisions or agreements in the Leases contained; that no rent has been paid by any of the Lessees more than one month in advance (except for security deposits paid in accordance with the Leases), and that, the payment of none of the rents to accrue under the Leases has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by the Assignor directly or indirectly by assuming any Lessee's obligations with respect to other premises.

The Assignor waives any rights of set-off against the Lessees.

The Assignor covenants and agrees:

- (a) that the Leases shall remain in full force and effect irrespective of any merger of the interest of the Lessor and Lessee thereunder; and that it will not transfer or convey the fee title to said premises to any of the Lessees without requiring such Lessees, in writing, to assume and agree to pay the debt secured by the Charge in accordance with the terms covenants and conditions contained in the Charge;
- (b) that if the Leases provided for the abatement of rent during the repair of the demised premises by reason of fire or other casualty, the Assignor shall furnish rental insurance to the Assignee, the policies to be in an amount and form and written by such insurance companies as shall be satisfactory to the Assignee;
- (c) not to terminate or to accept a surrender of any of the Leases without the written consent of the Assignee, such consent not to be unreasonably withheld, and that any attempted termination or acceptance of surrender of the Leases without such written consent shall be null and void;
- (d) not to modify or amend the Leases or any of the terms thereof, or grant any concessions in connection therewith, either orally or in writing, without the written consent of the Assignee, and that any attempted modification or amendments of the Leases or grant of concession in connection therewith without such written consent shall be null and void;

- (e) not to collect any of the rent, income and profits arising or accruing under the Leases in advance of the time when the same become due under the terms thereof;
- (f) not to discount any future accruing rents;
- (g) not to execute any other assignments of the Leases or any interest therein or any of the rents thereunder;
- (h) to perform all of the Assignor's covenants and agreements as lessor under the Leases and not to suffer or permit to occur any release of liability of the Lessees, or any rights to the Lessees to withhold payment of rent; and to give prompt notices to the Assignee of any notice of default on the part of the Assignor with respect to the Leases received from the Lessees, and to furnish the Assignee with complete copies of said notices;
- (i) that all offers to lease and Leases shall be bona fide, the terms of which are to be approved by the Assignee prior to execution, and shall be at rental rates and terms consistent with comparable space in the area of the lands and premises described herein;
- (j) that the Assignor will provide to the Assignee leasing activity reports in respect of the lands and premises herein forthwith on request by the Assignee;
- (k) if so requested by the Assignee, to enforce the Leases and all remedies available to the Assignor against the Lessees, in case of default under the Leases by the Lessees;
- (l) that none of the rights or remedies of the Assignee under the Charge shall be delayed or in any way prejudiced by this Assignment;
- (m) that notwithstanding any variation of the terms of the Charge or any extension of time for payment thereunder, the Leases and benefits hereby assigned shall continue as additional security in accordance with the terms hereof;
- (n) not to alter, modify or change the terms of any guarantees of any of the Leases or cancel or terminate such guarantees without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (o) not to consent to any assignment of the Leases, or any subletting thereunder, whether or not in accordance with their terms, without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (p) not to request, consent to, agree to or accept a subordination of the Leases to any mortgage or other encumbrance now or hereafter affecting the premises;
- (q) not to exercise any right of election, whether specifically set forth in any such Leases or otherwise which would in any way diminish the tenant's liability or have the effect of shortening the stated term of the Leases; and
- (r) to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this Assignment or any notice hereof which may be required and of every renewal related thereto.

Upon any vesting of title to the property secured under the Charge in the Assignee or other party by court order, operation of law, or otherwise or upon delivery of a deed or deeds pursuant to the Assignee's exercise of remedies under the Charge, all right, title and interest of the Assignor in and to the Leases shall by virtue of this Assignment, thereupon vest in and become the absolute property of the party vested with such title or the grantee or grantees in such deed or deeds without any further act or assignment by the Assignor. The Assignor hereby irrevocably appoints Assignee and its successors and assigns, as its agent and attorney in fact, to execute all instruments of assignment or further assurances in favour of such party vested with title or the grantee or grantees. This power is coupled with an interest and is irrevocable until this Assignment is discharged and the security interests created by this Assignment are released.

In the exercise of the powers herein granted to the Assignee, no liability shall be asserted or enforced against the Assignee, all such liability being hereby expressly waived and released by the Assignor. The Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Leases, or under or by reason of this Assignment and the Assignor shall and does hereby agree to indemnify the Assignee for, and to save and hold it harmless of and from, any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Assignee incur any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defence of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, shall be secured hereby, and the Assignor shall reimburse the Assignee therefore immediately upon demand.

Although it is the intention of the parties that this Assignment shall be a present assignment, it is

expressly understood and agreed, anything herein contained to the contrary notwithstanding that the Assignee shall not exercise any of the rights or powers herein conferred upon it until an Event of Default (as defined in the loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time, the "Loan Agreement") shall occur, but upon the occurrence of any such Event of Default, the Assignee shall be entitled, upon notice to the Lessees, to all rents and other amounts then due under the Leases and thereafter accruing, and this Assignment shall constitute a direction to and full authority to the Lessees to pay all such amounts to the Assignee without proof of the default relied upon. The Lessees are hereby irrevocably authorized to rely upon and comply with any notice or demand by the Assignee for the payment to the Assignee of any rental or other sums which may be or thereafter become due under the Leases regardless whether any default under the Charge has actually occurred or is then existing.

This Assignment is intended to be additional to and not in substitution for or in derogation of any assignment of rents contained in the Charge or in any other document. In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the Loan Agreement then, notwithstanding anything contained in this Assignment, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in in this Assignment which is not contained in the Loan Agreement, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment shall include any extensions and renewals of the Leases and any reference herein to the Leases shall be construed as including any such extensions and renewals.

If the Assignor comprises more than one person, all covenants and liabilities entered into, by or imposed upon the Assignor shall be joint and several. Each Assignor, if more than one, is responsible both individually and together with the other Assignor(s) for all obligations of the Assignor to the Assignee pursuant to this Assignment.

This Assignment shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Assignment shall be binding upon and enure to the benefit of the respective successors and assigns of the parties hereto. The words "Assignor", "Assignee" and "Lessees", wherever used herein, and designated as such and their respective heirs, administrators, successors and assigns, and all words and phrases shall be taken to include the singular or plural and masculine, feminine or neuter gender, as may fit the case.

This Assignment may be signed in counterparts and transmitted by electronic transmission. Each counterpart shall be deemed to be an original and all such separate counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Assignor has executed this Assignment as of the date first written above.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

Properties

PIN 46033 - 0368 LT
Description 1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY
Address 378 SOUTH SERVICE RD
 GRIMSBY

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name ALEAFIA FARMS INC.
Address for Service 85 Basaltic Road, Concord, ON L4K 1G4
 A person or persons with authority to bind the corporation has/have consented to the registration of this document.
 This document is not authorized under Power of Attorney by this party.

Party To(s)**Capacity****Share**

<i>Name</i>	NEXT EDGE GENERAL PARTNER (ONTARIO) INC.	General Partner
<i>Address for Service</i>	c/o Next Edge Capital 1 Toronto Street, Suite 200 Toronto, ON M5C 2V6	

I am a general partner, the firm name of the Limited Partnership is NE SPC II LP.

Statements

The applicant applies for the entry of a notice of general assignment of rents.
 This notice may be deleted by the Land Registrar when the registered instrument, NR600589 registered on 2021/12/24 to which this notice relates is deleted
 Schedule: See Schedules

Signed By

Denise Borzi	5000 Yonge Street, 10th Floor Toronto M2N 7E9	acting for Applicant(s)	Signed	2021 12 24
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Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of all parties to the document.

Denise Borzi	5000 Yonge Street, 10th Floor Toronto M2N 7E9	acting for Party To(s)	Signed	2021 12 24
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Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

CHAITONS LLP	5000 Yonge Street, 10th Floor Toronto M2N 7E9	2021 12 24
--------------	---	------------

Tel 416-222-8888

Fax 416-218-1860

Fees/Taxes/Payment

Statutory Registration Fee \$66.30

Total Paid \$66.30

GENERAL ASSIGNMENT OF RENTS

THIS ASSIGNMENT made this 24th day of December, 2021.

B E T W E E N:

ALEAFIA FARMS INC.

hereinafter called the "Assignor"

- and -

NE SPC II LP

hereinafter called the "Assignee"

FOR VALUE RECEIVED, the Assignor doth hereby assigns to the Assignee, all rights, privileges, advantages and benefits whatsoever, including all rental and other income, arising pursuant to leases and/or agreements to lease and/or tenancies (herein referred to as the "Leases") now or hereafter affecting the lands and premises more particularly described in the Notice of Assignment of Rents attached hereto.

This Assignment is given as additional security for the payment of the sum of TWO DOLLARS (\$2.00) and all other sums secured by a charge between the Assignor, as chargor, and the Assignee, as chargee, charging the premises of which those demised in the Leases form all or part and which charge is herein referred to as the "Charge". The registration particulars of the Charge are described in the Notice of Assignment of Rents – General attached hereto. The security of this Assignment is and shall be primary and on a parity with the real estate conveyed by the Charge and not secondary. All amounts collected hereunder, after deducting the expense of collection, shall be applied on account of the indebtedness secured by the Charge, or in such other manner as may be provided in the Charge. Nothing herein contained shall be construed as constituting the Assignee as trustee, mortgagee or chargee in possession.

The Assignor does hereby empower the Assignee, its agents or attorneys, to collect, sue for, settle, compromise and give acquittances for all of the rents that may become due under the Leases and avail itself of and pursue all remedies for the enforcement of the Leases and the Assignor's rights in and under the Leases as the Assignor might have pursued but for this Assignment.

The Assignor warrants that the Leases, if any exist, are in full force and effect, and that the copies thereof heretofore delivered to the Assignee are true and correct copies, that the Assignor has not heretofore assigned or pledged the same or any interest therein, and that, to the best of the Assignee's knowledge, no default exists on the part of the lessees thereunder (herein called "the Lessees") or the Assignor, as lessor, in the performance on the part of either, of the terms, covenants, provisions or agreements in the Leases contained; that no rent has been paid by any of the Lessees more than one month in advance (except for security deposits paid in accordance with the Leases), and that, the payment of none of the rents to accrue under the Leases has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by the Assignor directly or indirectly by assuming any Lessee's obligations with respect to other premises.

The Assignor waives any rights of set-off against the Lessees.

The Assignor covenants and agrees:

- (a) that the Leases shall remain in full force and effect irrespective of any merger of the interest of the Lessor and Lessee thereunder; and that it will not transfer or convey the fee title to said premises to any of the Lessees without requiring such Lessees, in writing, to assume and agree to pay the debt secured by the Charge in accordance with the terms covenants and conditions contained in the Charge;
- (b) that if the Leases provided for the abatement of rent during the repair of the demised premises by reason of fire or other casualty, the Assignor shall furnish rental insurance to the Assignee, the policies to be in an amount and form and written by such insurance companies as shall be satisfactory to the Assignee;
- (c) not to terminate or to accept a surrender of any of the Leases without the written consent of the Assignee, such consent not to be unreasonably withheld, and that any attempted termination or acceptance of surrender of the Leases without such written consent shall be null and void;
- (d) not to modify or amend the Leases or any of the terms thereof, or grant any concessions in connection therewith, either orally or in writing, without the written consent of the Assignee, and that any attempted modification or amendments of the Leases or grant of concession in connection therewith without such written consent shall be null and void;

- (e) not to collect any of the rent, income and profits arising or accruing under the Leases in advance of the time when the same become due under the terms thereof;
- (f) not to discount any future accruing rents;
- (g) not to execute any other assignments of the Leases or any interest therein or any of the rents thereunder;
- (h) to perform all of the Assignor's covenants and agreements as lessor under the Leases and not to suffer or permit to occur any release of liability of the Lessees, or any rights to the Lessees to withhold payment of rent; and to give prompt notices to the Assignee of any notice of default on the part of the Assignor with respect to the Leases received from the Lessees, and to furnish the Assignee with complete copies of said notices;
- (i) that all offers to lease and Leases shall be bona fide, the terms of which are to be approved by the Assignee prior to execution, and shall be at rental rates and terms consistent with comparable space in the area of the lands and premises described herein;
- (j) that the Assignor will provide to the Assignee leasing activity reports in respect of the lands and premises herein forthwith on request by the Assignee;
- (k) if so requested by the Assignee, to enforce the Leases and all remedies available to the Assignor against the Lessees, in case of default under the Leases by the Lessees;
- (l) that none of the rights or remedies of the Assignee under the Charge shall be delayed or in any way prejudiced by this Assignment;
- (m) that notwithstanding any variation of the terms of the Charge or any extension of time for payment thereunder, the Leases and benefits hereby assigned shall continue as additional security in accordance with the terms hereof;
- (n) not to alter, modify or change the terms of any guarantees of any of the Leases or cancel or terminate such guarantees without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (o) not to consent to any assignment of the Leases, or any subletting thereunder, whether or not in accordance with their terms, without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (p) not to request, consent to, agree to or accept a subordination of the Leases to any mortgage or other encumbrance now or hereafter affecting the premises;
- (q) not to exercise any right of election, whether specifically set forth in any such Leases or otherwise which would in any way diminish the tenant's liability or have the effect of shortening the stated term of the Leases; and
- (r) to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this Assignment or any notice hereof which may be required and of every renewal related thereto.

Upon any vesting of title to the property secured under the Charge in the Assignee or other party by court order, operation of law, or otherwise or upon delivery of a deed or deeds pursuant to the Assignee's exercise of remedies under the Charge, all right, title and interest of the Assignor in and to the Leases shall by virtue of this Assignment, thereupon vest in and become the absolute property of the party vested with such title or the grantee or grantees in such deed or deeds without any further act or assignment by the Assignor. The Assignor hereby irrevocably appoints Assignee and its successors and assigns, as its agent and attorney in fact, to execute all instruments of assignment or further assurances in favour of such party vested with title or the grantee or grantees. This power is coupled with an interest and is irrevocable until this Assignment is discharged and the security interests created by this Assignment are released.

In the exercise of the powers herein granted to the Assignee, no liability shall be asserted or enforced against the Assignee, all such liability being hereby expressly waived and released by the Assignor. The Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Leases, or under or by reason of this Assignment and the Assignor shall and does hereby agree to indemnify the Assignee for, and to save and hold it harmless of and from, any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Assignee incur any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defence of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, shall be secured hereby, and the Assignor shall reimburse the Assignee therefore immediately upon demand.

Although it is the intention of the parties that this Assignment shall be a present assignment, it is

expressly understood and agreed, anything herein contained to the contrary notwithstanding that the Assignee shall not exercise any of the rights or powers herein conferred upon it until an Event of Default (as defined in the loan agreement dated as of December 24, 2021 (as amended, supplemented, restated or replaced from time to time, the "Loan Agreement") shall occur, but upon the occurrence of any such Event of Default, the Assignee shall be entitled, upon notice to the Lessees, to all rents and other amounts then due under the Leases and thereafter accruing, and this Assignment shall constitute a direction to and full authority to the Lessees to pay all such amounts to the Assignee without proof of the default relied upon. The Lessees are hereby irrevocably authorized to rely upon and comply with any notice or demand by the Assignee for the payment to the Assignee of any rental or other sums which may be or thereafter become due under the Leases regardless whether any default under the Charge has actually occurred or is then existing.

This Assignment is intended to be additional to and not in substitution for or in derogation of any assignment of rents contained in the Charge or in any other document. In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the Loan Agreement then, notwithstanding anything contained in this Assignment, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in in this Assignment which is not contained in the Loan Agreement, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment shall include any extensions and renewals of the Leases and any reference herein to the Leases shall be construed as including any such extensions and renewals.

If the Assignor comprises more than one person, all covenants and liabilities entered into, by or imposed upon the Assignor shall be joint and several. Each Assignor, if more than one, is responsible both individually and together with the other Assignor(s) for all obligations of the Assignor to the Assignee pursuant to this Assignment.

This Assignment shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Assignment shall be binding upon and enure to the benefit of the respective successors and assigns of the parties hereto. The words "Assignor", "Assignee" and "Lessees", wherever used herein, and designated as such and their respective heirs, administrators, successors and assigns, and all words and phrases shall be taken to include the singular or plural and masculine, feminine or neuter gender, as may fit the case.

This Assignment may be signed in counterparts and transmitted by electronic transmission. Each counterpart shall be deemed to be an original and all such separate counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Assignor has executed this Assignment as of the date first written above.

ALEAFIA FARMS INC.

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

Properties

PIN 32040 - 0546 LT
Description FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3
 2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1
 AND 2 2R7264; COUNTY OF BRANT
Address 20 WOODSLEE AVE
 PARIS

Source Instruments

<i>Registration No.</i>	<i>Date</i>	<i>Type of Instrument</i>
BC413999	2021 10 04	Charge/Mortgage

Party From(s)

Name 1260356 ONTARIO LIMITED
Address for Service 100 Zenway Boulevard
 Woodbridge, Ontario, L4H 2Y7

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Party To(s)*Capacity**Share*

Name NE SPC II LP
Address for Service c/o Next Edge Capital
 1 Toronto Street, Suite 200
 Toronto, ON M5C 2V6

Statements

The applicant postpones the rights under the selected instrument to the rights under an instrument registered as number BC420311 registered on 2021/12/24

Schedule: The applicant postpones the rights under the selected instrument to all present and future advances (including re-advances) secured by the charge/mortgage of land registered as instrument no.BC420311 .

This document relates to registration number(s)BC420311 and BC420312.

Signed By

Denise Borzi 5000 Yonge Street, 10th Floor acting for Signed 2021 12 24
 Toronto Party From(s)
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of the Party From(s).

Submitted By

CHAITONS LLP 5000 Yonge Street, 10th Floor 2021 12 24
 Toronto
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

Fees/Taxes/Payment

<i>Statutory Registration Fee</i>	\$66.30
<i>Total Paid</i>	\$66.30

Properties

PIN 46033 - 0368 LT
Description 1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY
Address 378 SOUTH SERVICE RD
 GRIMSBY

Source Instruments

<i>Registration No.</i>	<i>Date</i>	<i>Type of Instrument</i>
NR591525	2021 10 04	Charge/Mortgage

Party From(s)

Name 1260356 ONTARIO LIMITED
Address for Service 100 Zenway Boulevard
 Woodbridge, Ontario, L4H 2Y7

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Party To(s)

<i>Name</i>	<i>Capacity</i>	<i>Share</i>
NEXT EDGE GENERAL PARTNER (ONTARIO) INC.	General Partner	
<i>Address for Service</i> c/o Next Edge Capital 1 Toronto Street, Suite 200 Toronto, ON M5C 2V6		

I am a general partner, the firm name of the Limited Partnership is NE SPC II LP.

Statements

The applicant postpones the rights under the selected instrument to the rights under an instrument registered as number NR600589 registered on 2021/12/24

Schedule: The applicant postpones the rights under the selected instrument to all present and future advances (including re-advances) by the charge/mortgage of land registered as instrument no. NR600589.

This document relates to registration number(s)NR600589 and NR600591.

Signed By

Denise Borzi 5000 Yonge Street, 10th Floor acting for Signed 2021 12 24
 Toronto Party From(s)
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

I have the authority to sign and register the document on behalf of the Party From(s).

Submitted By

CHAITONS LLP 5000 Yonge Street, 10th Floor 2021 12 24
 Toronto
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

Fees/Taxes/Payment

<i>Statutory Registration Fee</i>	\$66.30
<i>Total Paid</i>	\$66.30

NOTICE OF SECURITY INTEREST IN INTELLECTUAL PROPERTY

WHEREAS Aleafia Inc. (the “**Debtor**”) is the owner of the registered trademarks set forth in Attachment 1 attached hereto (collectively, the “**Intellectual Property**”);

WHEREAS NE SPC II LP (the “**Lender**”) entered into, *inter alia*, a General Security Agreement with the Debtor dated December 24, 2021, by which the Debtor granted to the Lender a security interest and lien in all of its property, including the Intellectual Property;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in accordance with the terms and obligations set forth in the General Security Agreement, the Debtor hereby confirms the granting of a security interest and lien in the Intellectual Property to the Lender.

DATED as of the 24th day of December, 2021.

ALEAFIA INC.






DocuSigned by:
Per: Geoff Benic
E39A909CB9844F4...
Name: Geoffrey Benic
Title: President


DocuSigned by:
Per: Matthew Sale
7083A185A879483...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

Attachment 1

Canadian Trade-marks

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
A DESIGN		Aleafia Inc.	1889705	Canada	Registered
AHD HORIZONTAL Design		Aleafia Inc.	2023229	Canada	Pending
AHD LOGO		Aleafia Inc.	2023226	Canada	Pending
AHD VERTICAL Design		Aleafia Inc.	2023228	Canada	Pending
ALEAFIA DESIGN		Aleafia Inc.	1889702	Canada	Registered
ALEAFIA MEDICAL CANNABIS CARE	n/a	Aleafia Inc.	1889703	Canada	Registered

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
ALEAFIA MEDICAL CANNABIS CARE DESIGN		Aleafia Inc.	1889704	Canada	Registered
ALEAFIA	n/a	Aleafia Inc.	1889706	Canada	Registered
ASSUREHOME DELIVERY	n/a	Aleafia Inc.	2023227	Canada	Pending

NOTICE OF SECURITY INTEREST IN INTELLECTUAL PROPERTY


WHEREAS Emblem Cannabis Corporation (the “**Debtor**”) is the owner of the registered trademarks set forth in Attachment 1 attached hereto (collectively, the “**Intellectual Property**”);

WHEREAS NE SPC II LP (the “**Lender**”) entered into, *inter alia*, a General Security Agreement with the Debtor dated December 24, 2021, by which the Debtor granted to the Lender a security interest and lien in all of its property, including the Intellectual Property;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in accordance with the terms and obligations set forth in the General Security Agreement, the Debtor hereby confirms the granting of a security interest and lien in the Intellectual Property to the Lender.

DATED as of the 24th day of December, 2021.

EMBLEM CANNABIS CORPORATION

DocuSigned by:

Per: _____
Name: Geoffrey Benic
Title: President

DocuSigned by:


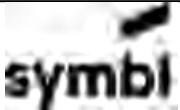
Per: _____
Name: Matthew Sale
Title: Authorized Signatory




We have authority to bind the corporation.

Attachment 1

Canadian Trade-marks

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
ATMOSPHERE	n/a	Emblem Cannabis Corporation	1912816	Canada	Pending
ATMOSPHERE LOGO		Emblem Cannabis Corporation	1965605	Canada	Pending
CHERRY HILL	n/a	Emblem Cannabis Corporation	1908460	Canada	Pending
DAY DREAM	n/a	Emblem Cannabis Corporation	1909433	Canada	Pending
DREAM WEAVER	n/a	Emblem Cannabis Corporation	1906474	Canada	Pending
EMBLEM	n/a	Emblem Cannabis Corporation	Application 1764946 Registration TMA972573	Canada	Registered

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
EMBLEM & Design		Emblem Cannabis Corporation	1887223	Canada	Registered
LIBERATION	n/a	Emblem Cannabis Corporation	1943165	Canada	Pending
PARADISE ISLAND	n/a	Emblem Cannabis Corporation	1908508	Canada	Registered
REVL	n/a	Emblem Cannabis Corporation	1947035`	Canada	Pending
SOLAR POWER	n/a	Emblem Cannabis Corporation	1906483	Canada	Pending
SYMBL	n/a	Emblem Cannabis Corporation	1898332	Canada	Pending
SYMBL (COLOUR) LOGO		Emblem Cannabis Corporation	1932742	Canada	Pending

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
SYMBL LOGO		Emblem Cannabis Corporation	1932741	Canada	Pending
THE EMBLEM LOGO		Emblem Cannabis Corporation	TMA969686	Canada	Registered
THE EMBLEM LOGO		Emblem Cannabis Corporation	1887222	Canada	Registered
WAVE RUNNER	n/a	Emblem Cannabis Corporation	1933892	Canada	Pending
YELLOW SUBMARINE	n/a	Emblem Cannabis Corporation	1908526	Canada	Pending
ZEN'S GARDEN	n/a	Emblem Cannabis Corporation	1908574	Canada	Pending

NOTICE OF SECURITY INTEREST IN INTELLECTUAL PROPERTY

WHEREAS Aleafia Health Inc. (the "**Debtor**") is the owner of the registered trademarks set forth in Attachment 1 attached hereto (collectively, the "**Intellectual Property**");

WHEREAS NE SPC II LP (the "**Lender**") entered into, *inter alia*, a General Security Agreement with the Debtor dated December 24, 2021, by which the Debtor granted to the Lender a security interest and lien in all of its property, including the Intellectual Property;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in accordance with the terms and obligations set forth in the General Security Agreement, the Debtor hereby confirms the granting of a security interest and lien in the Intellectual Property to the Lender.

DATED as of the 24th day of December, 2021.

ALEAFIA HEALTH INC.

DocuSigned by:

Per: _____
E39A909CB9844F4...
Name: Geoffrey Benic
Title: Chief Executive Officer




DocuSigned by:



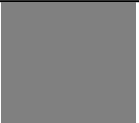
Per: _____
7083A185A879480...
Name: Matthew Sale
Title: Chief Financial Officer


We have authority to bind the corporation.

Attachment 1

Canadian Trade-marks

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
ALEAFIA CAMPUS	n/a	Aleafia Health Inc.	1962714	Canada	Pending
ALEAFIA CAMPUS DESIGN		Aleafia Health Inc.	1962715	Canada	Pending
ALEAFIA HEALTH	n/a	Aleafia Health Inc.	1962708	Canada	Pending
ALEAFIA HEALTH DESIGN		Aleafia Health Inc.	1962709	Canada	Pending
ALEAFIA HEALTH SCIENCE SEEDING WELLNESS DESIGN		Aleafia Health Inc.	1962710	Canada	Pending
BOGART'S KITCHEN	n/a	Aleafia Health Inc.	2079597	Canada	Pending

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
CREST Design		Aleafia Health Inc.	1947905	Canada	Pending
DIVVY	n/a	Aleafia Health Inc.	2079598	Canada	Pending
DIVVY CANNABIS CO	n/a	Aleafia Health Inc.	2079599	Canada	Pending
EVERSO	n/a	Aleafia Health Inc.	1962492	Canada	Pending
FOLIEDGE ACADEMY DESIGN		Aleafia Health Inc.	1947904	Canada	Pending
FOLIEDGE ACADEMY	n/a	Aleafia Health Inc.	1947903	Canada	Pending
LEAF DESIGN		Aleafia Health Inc.	1962711	Canada	Pending

Trademark	Drawing	Owner	Application #	Jurisdiction	Status
N&N Design		Aleafia Health Inc.	2148922	Canada	Pending
NITH & GRIND	n/a	Aleafia Health Inc.	2112689	Canada	Pending
NITH & GRAND	n/a	Aleafia Health Inc.	2079596	Canada	Pending
SCIENCE SEEDING WELLNESS	n/a	Aleafia Health Inc.	1962712	Canada	Pending
SUNDAY MARKET	n/a	Aleafia Health Inc.	2079600	Canada	Pending
WE GROW TOGETHER	n/a	Aleafia Health Inc.	1962713	Canada	Pending

ASSIGNMENT OF INSURANCE MONIES

THIS AGREEMENT DATED as of the 24th day of December, 2021

For valuable consideration (the receipt and sufficiency of which are hereby acknowledged) Canabo Medical Corporation (the "**Corporation**") hereby assigns and transfers to NE SPC II LP (the "**Lender**") the interest of the Corporation as insured under the policy of insurance described in Schedule "A" annexed hereto (the "**Policy**"). The Policy shall stand as continuing collateral security for the payment of all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Corporation to the Lender, under, in connection with or with respect to the loan agreement dated as of the date hereof among, *inter alia*, the Corporation and the Lender (as amended, restated or otherwise modified from time to time, the "**Loan Agreement**") and the other Loan Documents (as defined in the Loan Agreement) (collectively, the "**Secured Obligations**").

The Corporation further covenants and agrees as follows:

1. The insurer named in the Policy is hereby directed by the Corporation to pay all monies originally payable under the Policy to the Corporation (the "**Monies**") to the Lender in accordance with this assignment at c/o Next Edge Capital, 1 Toronto Street, Suite 200, Toronto, Ontario, M5C 2V6. The Lender is authorized to give its receipts therefor which shall be binding upon the Corporation.
2. The Lender may collect, realize and otherwise deal with the Monies without notice to the Corporation in accordance with the terms of the Loan Agreement. Any Monies received by the Corporation are received as trustee for the Lender and shall be forthwith paid over to the Lender.
3. Any Monies received by the Lender shall be applied against the Secured Obligations in accordance with the terms of the Loan Agreement without prejudice to its claims upon the Corporation for any deficiency.
4. The Lender may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the insurer named in the Policy, the Corporation and others and with the Monies and other securities as the Lender sees fit without prejudice to the liability to the Corporation or the Lender's right to hold or realize this security.
5. The Lender shall not be liable or accountable for any failure to collect any Monies. The Lender shall not be bound to institute proceedings for the purpose of collecting any Monies or for the purpose of preserving any rights of the Lender, the Corporation or any other person in respect thereof.
6. The Lender may charge on its own behalf, and also pay to others, reasonable sums for expenses incurred and for services rendered (expressly including legal fees and disbursements) in or in connection with collecting, realizing or obtaining payment of any Monies, and may add the amount of such sums to the Secured Obligations.
7. The Corporation shall deliver in writing to the Lender from time to time upon request by the Lender such information relating to the Policy as the Lender may require. The

Lender shall be entitled from time to time, in accordance with the terms of the Loan Agreement, to inspect any books, papers, documents or records evidencing or relating to the Policy and make copies thereof, and for such purpose the Lender shall have access to any and all premises containing such books, papers, documents and records occupied by the Corporation.

8. The Corporation shall, upon request by the Lender, do such acts and things and give such receipts, deeds, transfers, discharges or other instruments as may be necessary to enable the Lender to obtain payment of the Monies or any other amounts payable to the Lender hereunder.
9. The Corporation shall forthwith provide the Lender with an authenticated copy of the Policy recording the Lender as mortgagee or loss payee, the priority of the Lender's interest and its full address for service as set forth in paragraph 1 above, and containing a mortgage clause approved by the Insurance Bureau of Canada.
10. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
11. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[signature page follows]

Dated as of the date first above written.

CANABO MEDICAL CORPORATION

DocuSigned by:

Geoff Benic

Per: E39A909CB9844F4...

Name: Geoffrey Benic

Title: President

DocuSigned by:

Matthew Sale

Per: 7083A185A879460...

Name: Matthew Sale

Title: Authorized Signatory

We have authority to bind the corporation.

SCHEDULE "A"
POLICY OF INSURANCE

CERTIFICATE OF LIABILITY INSURANCE

ISSUE DATE YYYY/MM/DD
2021/12/22

BROKER



HUB International Ontario Limited
595 Bay Street, Suite 900
Toronto, ON M5G 2E3
PHONE: 416-619-8000 FAX: 416-619-8001

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

Company A	Wynward Insurance (NextWave)
Company B	Aviva Insurance Company of Canada
Company C	
Company D	
Company E	

INSURED'S FULL NAME AND MAILING ADDRESS
Aleafia Inc., Emblem Cannabis Corporation, Aleafia Health Inc., Canabo Medical Corporation, Emblem Corp. and Aleafia Farms Inc.
85 Basaltic Road
Concord, ON L4K 1G4
Canada

COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies.

LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

TYPE OF INSURANCE	CO LTR	POLICY NUMBER	EFFECTIVE DATE YYYY/MM/DD	EXPIRY DATE YYYY/MM/DD	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)		
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input checked="" type="checkbox"/> EMPLOYER'S LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input checked="" type="checkbox"/> HIRED AUTOMOBILE	A	NWIC1001194	2021/01/31	2022/01/31	EACH OCCURRENCE	\$ 15,000,000	
					GENERAL AGGREGATE	\$ 25,000,000	
					PRODUCTS - COMP/OP AGGREGATE	\$ 15,000,000	
					PERSONAL INJURY	\$ 15,000,000	
					EMPLOYER'S LIABILITY	\$ 15,000,000	
					TENANT'S LEGAL LIABILITY	\$ 15,000,000	
					NON-OWNED AUTOMOBILE	\$ 15,000,000	
					HIRED AUTOMOBILE	\$ 15,000,000	
AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> DESCRIBED AUTOMOBILES <input checked="" type="checkbox"/> ALL OWNED AUTOMOBILES <input checked="" type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <small>** ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE</small>	B	6741271582	2021/01/31	2022/01/31	BODILY INJURY PROPERTY DAMAGE COMBINED	\$ 2,000,000	
					BODILY INJURY (Per person)	\$ 2,000,000	
					BODILY INJURY (Per accident)	\$ 2,000,000	
					PROPERTY DAMAGE	\$ 50,000	
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM						EACH OCCURRENCE	\$
						AGGREGATE	\$
OTHER (SPECIFY) Property, EBI & Business Interruption	A	NWIC1001194	2021/01/31	2022/01/31	Policy Limit of Loss	\$ 110,302,527	
					Business Interruption	\$ 46,653,097	
						\$	
						\$	

DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS TO WHICH THIS CERTIFICATE APPLIES (but only with respect to the operations of the Named Insured)
 NE SPC II LP is added as an Additional Insured to the Commercial General Liability Policy, but only with respect to liability arising out of the operations of the Named Insured.

NE SPC II LP is also added as a First Loss Payee to the Commercial Property/Business Interruption and Equipment Breakdown policy(ies), A.T.I.M.A.

NE SPC II LP is also added as First Mortgagee for the locations at:
 20 Woodslee Avenue, Paris, ON
 378 South Service Road, Grimsby, ON

(continued next page)

CERTIFICATE HOLDER

NE SPC II LP
 c/o Next Edge Capital
 1 Toronto Street
 Suite 2000
 Toronto, ON M5C 2V6
 Canada

CANCELLATION

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

AUTHORIZED REPRESENTATIVE

Per: _____

ADDITIONAL REMARKS SCHEDULE

PRODUCER HUB International Ontario Limited		INSURED Aleafia Inc., Emblem Cannabis Corporation, Aleafia Health Inc., Canabo Medical Corporation, Emblem Corp. and Aleafia Farms Inc.	
POLICY NUMBER			
CARRIER	NAIC CODE	ISSUE DATE: 12/22/2021	

ADDITIONAL REMARKS

(continued from previous page)

COMMERCIAL PACKAGE COVERAGE

Commercial Property Policy includes:

- 'All Risks'
- Broad Form
- Replacement Cost Basis
- IBC Standard Mortgage Clause
- See Attached Addendum - Statement of Values and Locations

Commercial Property Deductibles:

All losses (depending on locaton): \$5,000. or \$10,000.; except:

Earthquake: 5% of TIV or \$100,000 Minimum

Flood: \$25,000

Sewer Back-Up: \$5,000

Business Interruption: 48 Hours Waiting Period

Property Policy includes Spoilage coverage (maximum \$250,000 Limit of Liability) and Equipment Breakdown Coverage (Limits as per SOV on file).

Commercial General Liability Deductibles:

Per Occurrence: \$5,000

Product Recall Coverage

Policy No. NWIC1001434

Insurer: NextWave (via Wynward Insurance)

Policy Term: January 31, 2021 to January 31, 2022

Limit of Liability - Each Claim: \$15,000,000

Policy Term Aggregate: \$15,000,000

Deductible: \$100,000

Claims Made Form

Marine Cargo Coverage

Policy No. TOCMC11478102

Insurer: Liberty Mutual Insurance Company

Policy Term: January 31, 2021 to January 31, 2022

Limit of Liability: \$50,000,000

Domestic Transit Limit: \$750,000

Deductible: \$10,000

Within Canada Only

Professional Liability Coverage

Policy No. BC02332-2103

Insurer: Berkley Canada

Policy Term: January 31, 2021 to January 31, 2022

Claims Made Form

Per Claim Limit of Liability (inclusive of Claims Expenses): \$5,000,000

Aggregate Limit of Liability (inclusive of Claims Expenses): \$5,000,000

Deductible: \$5,000

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant Improvements	Contents	Equipment, including security equipment and currently lab and oil capsule production	Mobile Trailers	Business Income	Total Insured Value	Occupancy	Year Built	Construction	Protection	Fire Protection	Notes/Comments	
8401 Weston Road, Unit 1	Woodbridge	ON	L4L 1A6		7,954	50	\$0	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000	Clinic - Office Bldg						
2540 Shirley Road, Regional Ad. 18	Blackrock	ON	L9E 1B1		2,500		\$1,000,000	\$500,000	\$0	\$0	\$150,000	\$20,000	\$0	\$0	\$1,900,000	Indoor Grow Facility and office - Owned						
2540 Shirley Road, Regional Ad 19 (Previously 2560)	Blackrock	ON	L9E 1B1		2,900		\$675,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$675,000	house / office / garage / barn						
2540 Shirley Road, Regional Ad 19 (Previously 2560)	Blackrock	ON	L9E 1B1		5,000		\$400,000	\$0	\$0	\$0	\$0	\$0	\$40,500	\$0	\$440,500						Total Bums 6*6000 sq ft for storage and 1 D1865000 ft for machinery	
2540 Shirley Road, Regional Ad. 19	Blackrock	ON	L9E 1B3		16,000		\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$177,045	\$0	\$3,177,045	current use for storage 6 Bums	2020 - Currently in use	Metal roof, wood studs, concrete floor				Effective July 1, 2020, addition of 5 Bums (End: 5) Effective July 6, 2020, addition of the following (End: 7) Mobile Trailer #55,545 Lavatory Unit #40,100 Waste Combo Tank #73,000 Table/Chair (Trailer Contents) \$940
178 South Service Road	Grimby	ON	L3M 5A5				\$5,083,724	\$5,000,000	\$0	\$2,803,729	\$3,356,559	\$131,600	\$0	\$0	\$17,303,652	Greenhouse - Owned						Effective July 6, 2020 (Endorsement No. 7) Addition of Mobile Trailers Trailer #1: #40,560 - Serial # M0124030-00437 + Mobile Trailer #2: #40,580 - Serial # M0124001AM00039 + Mobile Trailer #3: #40,560 - Serial # M0124008EM100616
178 South Service Road	Grimby	ON	L3M 5A5				\$500,000	\$0	\$0	\$933,794	\$0	\$0	\$0	\$0	\$1,433,794	Farmhouse - Owned						
1 Eglinton Avenue East, Suite 807	Toronto	ON	M4P 3A1				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	clinic						Concrete, Fire Resistive
5991 Spring Garden Road, Suite 640	Halifax	NS	B3H 4R7				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	clinic						Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$42,436) Endorsement No. 1
1385 Bank Street, Suite 305	Ottawa	ON	K1H 2N4				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Clinic						Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$42,436) Endorsement No. 1
6 Logy Bay Road	St. John's	NL	A1A 1J3				\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000	Office Space for Call Centre Staff						Effective June 22, 2020; DECREASED Contents limit to \$25,000 (from \$42,230) Occupancy amended to Office Space for Call Centre Staff; Fire & Clinic Endorsement No. 1
11 Lakeside Terrace, Suite 305	Burns	ON	L4M 0H9				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000							Effective June 22, 2020; INCREASED Contents limit to \$20,000 (from \$10,500); Endorsement No. 1
800 Princess Street, Suite 107	Kingston	ON	K7L 5J4				\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$5,000	Clinic						Effective June 22, 2020; DECREASED Contents limit to \$5,000 (from \$7,000); Endorsement No. 1
8-10 Rewan Street, Suite 205	St. John's	NL	A1B 2X1			1	\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Retail/medical offices						Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$30,000); Endorsement No. 1
85 Baxendale Road	Concord	ON	L4K 1G4	Fonks Holdings, Limited 112 Steeles Drive Woodbridge, ON L4L 5V9	36,000	1	\$0	\$0	\$0	\$0	\$20,000	\$20,000	\$0	\$0	\$40,000	Warehouse - Storage / GTA Hub Offices	1980s	Concrete Blocks/ Steel Frame	Alarm - Central	Sprinkler/Hydrant Protected		Effective November 30, 2020; INCREASE Contents to \$20,000; Effective April 1, 2020 - liability extended to Incidents: Designated Premises Limitations, USA Exclusions, Aberrants; All municipal services and fire/police guidelines must be adhered to at all times; Occupancy (Warehouse, Miscellaneous storage and office space) Effective June 22, 2020 - Endorsement No. 8 Property Coverage added to location (\$10K Contents/\$10K Equipment); Coverage extended to location.

\$25,280,090

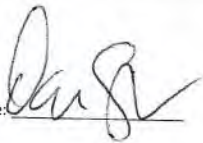
Signature: 

Date:

21 JAN 21

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant's Improvements	Contents	Equipment, including security equipment and currently lab and oil/capsule production	Office - Mobile Trailer	Business Income	Total Insured Value	Occupancy	Year Built	Construction	Prote
20 Woodslee Ave (grow and pack)	Paris	ON	N2L 3N6		27,000	1	\$2,500,000	\$6,000,000	\$6,528,889	\$0	\$818,451	\$5,000,000	\$5,000	\$0	\$20,852,340	Medical Cannabis - produce, supply, distribute	Rebuilt in 2015	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenc 24/7 Guard
20 Woodslee Ave (GMP Building) NEW BUILDING	Paris	ON	N2L 3N6		30,000	2 floors with mezanine level	\$10,000,000	\$0	\$0	\$0	\$0	\$5,000,000	\$0	\$0	\$15,000,000	Laboratory & Oil and Advanced Pharma Formulations, including Oral Sprays, Soft Gels, Capsules, edibles, and 2.0 formats	Completed and in use	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenced Yard 24/7 Guard
20 Woodslee Ave (call ctr)	Paris	ON	N2L 3N6		5,000	1	\$2,110,000	\$0	\$0	\$0	\$300,000	\$140,000	\$0	\$0	\$2,550,000	Administration, Call Centre	Original building built in 1982 - roof replaced in last 2 years, interior updated in last 10-15 years	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenced Yard, 24/7 Guard
36 York Mills Rd, Suite 500	Toronto	ON	M2P 2E9		5,000	5th floor	\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000	Leased Office Space	1986		security = 2 p 24/7

\$38,427,340

Signature: 

Date: 2/10/21

Embl
Aleal
GrowV
TOTAL

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant Improvements	Contents	Equipment, including security equipment and currently lab and oil/capsule	Business Income	Total Insured Value	Occupancy	Year Built
111 King Street East, 3rd Floor	Oshawa	ON			500		\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$5,000	Clinic	1971
368 11th St.	Courtenay	BC	V9H 8H5				\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$2,500	clinic (part-time area space license)	
642 Richmond Street	London	ON	N6A 3G6		1,100		\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$5,000	GrowWise only (part-time area space license) - use the space as a clinic 4-5 days/per month - do not rent or own building	1903
16011 Airport Road	Caledon East	ON	L7C 1E7				\$0	\$0	\$0	\$0	\$2,000	\$0	\$0	\$2,000	Occupancy updated as follows: use the space as a clinic 1-2 days/per month - does not rent nor own building Endt 1	
2050 Weston Road	North York	ON	M9N 1X4				\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$2,500	GrowWise only (part-time area space license)	

\$17,000

Signature: _____

Date: _____

21 FEB 21
21 JAN 21

ASSIGNMENT OF INSURANCE MONIES

THIS AGREEMENT DATED as of the 24 day of December, 2021

For valuable consideration (the receipt and sufficiency of which are hereby acknowledged) Aleafia Inc. (the "**Corporation**") hereby assigns and transfers to NE SPC II LP (the "**Lender**") the interest of the Corporation as insured under the policy of insurance described in Schedule "A" annexed hereto (the "**Policy**"). The Policy shall stand as continuing collateral security for the payment of any and all debts, liabilities and obligations (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, for which the Corporation is or may become liable to the Lender (such debts, liabilities and obligations being hereinafter collectively called the "**Secured Obligations**").

The Corporation further covenants and agrees as follows:

1. The insurer named in the Policy is hereby directed by the Corporation to pay all monies originally payable under the Policy to the Corporation (the "**Monies**") to the Lender in accordance with this assignment at c/o Next Edge Capital, 1 Toronto Street, Suite 200, Toronto, Ontario, M5C 2V6. The Lender is authorized to give its receipts therefor which shall be binding upon the Corporation.
2. The Lender may collect, realize and otherwise deal with the Monies without notice to the Corporation in accordance with the terms of the Loan Agreement. Any Monies received by the Corporation are received as trustee for the Lender and shall be forthwith paid over to the Lender.
3. Any Monies received by the Lender shall be applied against the Secured Obligations in accordance with the terms of the Loan Agreement without prejudice to its claims upon the Corporation for any deficiency.
4. The Lender may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the insurer named in the Policy, the Corporation and others and with the Monies and other securities as the Lender sees fit without prejudice to the liability to the Corporation or the Lender's right to hold or realize this security.
5. The Lender shall not be liable or accountable for any failure to collect any Monies. The Lender shall not be bound to institute proceedings for the purpose of collecting any Monies or for the purpose of preserving any rights of the Lender, the Corporation or any other person in respect thereof.
6. The Lender may charge on its own behalf, and also pay to others, reasonable sums for expenses incurred and for services rendered (expressly including legal fees and disbursements) in or in connection with collecting, realizing or obtaining payment of any Monies, and may add the amount of such sums to the Secured Obligations.
7. The Corporation shall deliver in writing to the Lender from time to time upon request by the Lender such information relating to the Policy as the Lender may require. The Lender shall be entitled from time to time, in accordance with the terms of the Loan Agreement, to inspect any books, papers, documents or records evidencing or relating to the Policy and make copies thereof, and for such purpose the Lender shall have

access to any and all premises containing such books, papers, documents and records occupied by the Corporation.

8. The Corporation shall, upon request by the Lender, do such acts and things and give such receipts, deeds, transfers, discharges or other instruments as may be necessary to enable the Lender to obtain payment of the Monies or any other amounts payable to the Lender hereunder.
9. The Corporation shall forthwith provide the Lender with an authenticated copy of the Policy recording the Lender as mortgagee or loss payee, the priority of the Lender's interest and its full address for service as set forth in paragraph 1 above, and containing a mortgage clause approved by the Insurance Bureau of Canada.
10. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
11. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[signature page follows]

Dated as of the date first above written.

ALEAFIA INC.

DocuSigned by:

Geoff Benic

Per: E39A909CB9844F4...

Name: Geoffrey Benic

Title: President

DocuSigned by:

Matthew Sale

Per: 7083A185A873260...

Name: Matthew Sale

Title: Authorized Signatory

We have authority to bind the corporation.

SCHEDULE "A"
POLICY OF INSURANCE

CERTIFICATE OF LIABILITY INSURANCE

ISSUE DATE YYYY/MM/DD
2021/12/22

BROKER



HUB International Ontario Limited
595 Bay Street, Suite 900
Toronto, ON M5G 2E3
PHONE: 416-619-8000 FAX: 416-619-8001

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

Company A	Wynward Insurance (NextWave)
Company B	Aviva Insurance Company of Canada
Company C	
Company D	
Company E	

INSURED'S FULL NAME AND MAILING ADDRESS
Aleafia Inc., Emblem Cannabis Corporation, Aleafia Health Inc., Canabo Medical Corporation, Emblem Corp. and Aleafia Farms Inc.
85 Basaltic Road
Concord, ON L4K 1G4
Canada

COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies.

LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

TYPE OF INSURANCE	CO LTR	POLICY NUMBER	EFFECTIVE DATE YYYY/MM/DD	EXPIRY DATE YYYY/MM/DD	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)		
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input checked="" type="checkbox"/> EMPLOYER'S LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input checked="" type="checkbox"/> HIRED AUTOMOBILE	A	NWIC1001194	2021/01/31	2022/01/31	EACH OCCURRENCE	\$ 15,000,000	
					GENERAL AGGREGATE	\$ 25,000,000	
					PRODUCTS - COMP/OP AGGREGATE	\$ 15,000,000	
					PERSONAL INJURY	\$ 15,000,000	
					EMPLOYER'S LIABILITY	\$ 15,000,000	
					TENANT'S LEGAL LIABILITY	\$ 15,000,000	
					NON-OWNED AUTOMOBILE	\$ 15,000,000	
					HIRED AUTOMOBILE	\$ 15,000,000	
AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> DESCRIBED AUTOMOBILES <input checked="" type="checkbox"/> ALL OWNED AUTOMOBILES <input checked="" type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <small>** ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE</small>	B	6741271582	2021/01/31	2022/01/31	BODILY INJURY PROPERTY DAMAGE COMBINED	\$ 2,000,000	
					BODILY INJURY (Per person)	\$ 2,000,000	
					BODILY INJURY (Per accident)	\$ 2,000,000	
					PROPERTY DAMAGE	\$ 50,000	
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM						EACH OCCURRENCE	\$
						AGGREGATE	\$
OTHER (SPECIFY) Property, EBI & Business Interruption	A	NWIC1001194	2021/01/31	2022/01/31	Policy Limit of Loss	\$ 110,302,527	
					Business Interruption	\$ 46,653,097	
						\$	
						\$	

DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS TO WHICH THIS CERTIFICATE APPLIES (but only with respect to the operations of the Named Insured)

NE SPC II LP is added as an Additional Insured to the Commercial General Liability Policy, but only with respect to liability arising out of the operations of the Named Insured.

NE SPC II LP is also added as a First Loss Payee to the Commercial Property/Business Interruption and Equipment Breakdown policy(ies), A.T.I.M.A.

NE SPC II LP is also added as First Mortgagee for the locations at:
20 Woodslee Avenue, Paris, ON
378 South Service Road, Grimsby, ON

(continued next page)

CERTIFICATE HOLDER

NE SPC II LP
c/o Next Edge Capital
1 Toronto Street
Suite 2000
Toronto, ON M5C 2V6
Canada

CANCELLATION

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

AUTHORIZED REPRESENTATIVE

Per: _____

ADDITIONAL REMARKS SCHEDULE

PRODUCER HUB International Ontario Limited		INSURED Aleafia Inc., Emblem Cannabis Corporation, Aleafia Health Inc., Canabo Medical Corporation, Emblem Corp. and Aleafia Farms Inc.	
POLICY NUMBER			
CARRIER	NAIC CODE	ISSUE DATE: 12/22/2021	

ADDITIONAL REMARKS

(continued from previous page)

COMMERCIAL PACKAGE COVERAGE

Commercial Property Policy includes:

'All Risks'

Broad Form

Replacement Cost Basis

IBC Standard Mortgage Clause

See Attached Addendum - Statement of Values and Locations

Commercial Property Deductibles:

All losses (depending on locaton): \$5,000. or \$10,000.; except:

Earthquake: 5% of TIV or \$100,000 Minimum

Flood: \$25,000

Sewer Back-Up: \$5,000

Business Interruption: 48 Hours Waiting Period

Property Policy includes Spoilage coverage (maximum \$250,000 Limit of Liability) and Equipment Breakdown Coverage (Limits as per SOV on file).

Commercial General Liability Deductibles:

Per Occurrence: \$5,000

Product Recall Coverage

Policy No. NWIC1001434

Insurer: NextWave (via Wynward Insurance)

Policy Term: January 31, 2021 to January 31, 2022

Limit of Liability - Each Claim: \$15,000,000

Policy Term Aggregate: \$15,000,000

Deductible: \$100,000

Claims Made Form

Marine Cargo Coverage

Policy No. TOCMC11478102

Insurer: Liberty Mutual Insurance Company

Policy Term: January 31, 2021 to January 31, 2022

Limit of Liability: \$50,000,000

Domestic Transit Limit: \$750,000

Deductible: \$10,000

Within Canada Only

Professional Liability Coverage

Policy No. BC02332-2103

Insurer: Berkley Canada

Policy Term: January 31, 2021 to January 31, 2022

Claims Made Form

Per Claim Limit of Liability (inclusive of Claims Expenses): \$5,000,000

Aggregate Limit of Liability (inclusive of Claims Expenses): \$5,000,000

Deductible: \$5,000

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant Improvements	Contents	Equipment, including security equipment and currently lab and oil capsule production	Mobile Trailers	Business Income	Total Insured Value	Occupancy	Year Built	Construction	Protection	Fire Protection	Notes/Comments	
8401 Weston Road, Unit 1	Woodbridge	ON	L4L 1A6		7,954	50	\$0	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000	Clinic - Office Bldg						
2540 Shirley Road, Regional Ad. 18	Blackrock	ON	L9E 1B1		2,500		\$1,000,000	\$500,000	\$0	\$0	\$150,000	\$20,000	\$0	\$0	\$1,900,000	Indoor Grow Facility and office - Owned						
2540 Shirley Road, Regional Ad 19 (Previously 2560)	Blackrock	ON	L9E 1B1		2,900		\$675,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$675,000	house / office / garage / barn						
2540 Shirley Road, Regional Ad 19 (Previously 2560)	Blackrock	ON	L9E 1B1		5,000		\$400,000	\$0	\$0	\$0	\$0	\$0	\$40,500	\$0	\$440,500						Total Bums 6*6000 sq ft for storage and 1 DB6500lb ft for machinery	
2540 Shirley Road, Regional Ad. 19	Blackrock	ON	L9E 1B3		16,000		\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$177,045	\$0	\$3,177,045	current use for storage 6 Bums	2020 - Currently in use	Metal roof, wood studs, concrete floor				Effective July 1, 2020, addition of 5 Bums (End: 5) Effective July 6, 2020, addition of the following (End: 7) Mobile Trailer \$55,545 Lavatory Unit \$40,100 Waste Combo Tank \$73,000 Table/Chair (Trailer Contents) \$940
178 South Service Road	Grimby	ON	L3M 5A5				\$5,083,724	\$5,000,000	\$0	\$2,803,729	\$3,356,559	\$131,600	\$0	\$0	\$17,363,652	Greenhouse - Owned						Effective July 6, 2020 (Endorsement No. 7) Addition of Mobile Trailers Trailer #1: \$40,500 - Serial # M0124003-00437 + Mobile Trailer #2: \$40,500 - Serial # M0124003-AM00039 + Mobile Trailer #3: \$40,500 - Serial # M0124003-AM00039
178 South Service Road	Grimby	ON	L3M 5A5				\$500,000	\$0	\$0	\$933,794	\$0	\$0	\$0	\$0	\$1,433,794	Farmhouse - Owned						
1 Eglinton Avenue East, Suite 807	Toronto	ON	M4P 3A1				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	clinic						Concrete, Fire Resistive
5991 Spring Garden Road, Suite 640	Halifax	NS	B3H 4R7				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	clinic						Concrete, Fire Resistive
1385 Bank Street, Suite 305	Ottawa	ON	K1H 2N4				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Clinic						Concrete, Fire Resistive
6 Logy Bay Road	St. John's	NL	A1A 1J3				\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000	Office Space for Call Centre Staff						Masonry, Brick Veneer
11 Lakeside Terrace, Suite 305	Burns	ON	L4M 0H9				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000							Masonry
800 Princess Street, Suite 107	Kingston	ON	K7L 5J4				\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$5,000	Clinic						Concrete, Fire Resistive
8-10 Rewan Street, Suite 205	St. John's	NL	A1B 2X1			1	\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Retail/medical offices						Brick or Masonry, Steel Structure
85 Baxendale Road	Concord	ON	L4K 1G4	Fonks Holdings, Limited 112 Steeles Drive Woodbridge, ON L4L 5V9	36,000	1	\$0	\$0	\$0	\$0	\$20,000	\$20,000	\$0	\$0	\$40,000	Warehouse - Storage / GTA Hub Offices	1980s	Concrete Blocks/Steel Frame	Alarm - Central	Sprinklers/Hydrant Protected		Effective November 30, 2020, INCREASE Contents to \$20,000; Effective April 1, 2020 - liability extended to include: Designated Personnel Limitations, USA Exclusions, Aberrants; (All municipal services and fire/police guidelines must be adhered to at all times, Occupancy / Warehouse, Miscellaneous storage and office space) Effective June 22, 2020 - Endorsement No. 8 Property Coverage added to location (\$10K Contents/\$10K Equipment); Coverage extended to location.

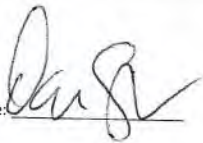
\$25,280,090

Signature: 

Date: 21 JAN 21

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant's Improvements	Contents	Equipment, including security equipment and currently lab and oil/capsule production	Office - Mobile Trailer	Business Income	Total Insured Value	Occupancy	Year Built	Construction	Prote
20 Woodslee Ave (grow and pack)	Paris	ON	N2L 3N6		27,000	1	\$2,500,000	\$6,000,000	\$6,528,889	\$0	\$818,451	\$5,000,000	\$5,000	\$0	\$20,852,340	Medical Cannabis - produce, supply, distribute	Rebuilt in 2015	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenc 24/7 Guard
20 Woodslee Ave (GMP Building) NEW BUILDING	Paris	ON	N2L 3N6		30,000	2 floors with mezanine level	\$10,000,000	\$0	\$0	\$0	\$0	\$5,000,000	\$0	\$0	\$15,000,000	Laboratory & Oil and Advanced Pharma Formulations, including Oral Sprays, Soft Gels, Capsules, edibles, and 2.0 formats	Completed and in use	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenced Yard 24/7 Guard
20 Woodslee Ave (call ctr)	Paris	ON	N2L 3N6		5,000	1	\$2,110,000	\$0	\$0	\$0	\$300,000	\$140,000	\$0	\$0	\$2,550,000	Administration, Call Centre	Original building built in 1982 - roof replaced in last 2 years, interior updated in last 10-15 years	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenced Yard, 24/7 Guard
36 York Mills Rd, Suite 500	Toronto	ON	M2P 2E9		5,000	5th floor	\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000	Leased Office Space	1986		security = 2 p 24/7

\$38,427,340

Signature: 

Date: 2/10/21

Embl
Aleal
GrowV
TOTAL

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant Improvements	Contents	Equipment, including security equipment and currently lab and oil/capsule	Business Income	Total Insured Value	Occupancy	Year Built
111 King Street East, 3rd Floor	Oshawa	ON			500		\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$5,000	Clinic	1971
368 11th St.	Courtenay	BC	V9H 8H5				\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$2,500	clinic (part-time area space license)	
642 Richmond Street	London	ON	N6A 3G6		1,100		\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$5,000	GrowWise only (part-time area space license) - use the space as a clinic 4-5 days/per month - do not rent or own building	1903
16011 Airport Road	Caledon East	ON	L7C 1E7				\$0	\$0	\$0	\$0	\$2,000	\$0	\$0	\$2,000	Occupancy updated as follows: use the space as a clinic 1-2 days/per month - does not rent nor own building Endt 1	
2050 Weston Road	North York	ON	M9N 1X4				\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$2,500	GrowWise only (part-time area space license)	

\$17,000

Signature: _____

Date: _____

21 FEB 21
21 JAN 21

ASSIGNMENT OF INSURANCE MONIES

THIS AGREEMENT DATED as of the 24th day of December, 2021

For valuable consideration (the receipt and sufficiency of which are hereby acknowledged) Emblem Corp. (the "**Corporation**") hereby assigns and transfers to NE SPC II LP (the "**Lender**") the interest of the Corporation as insured under the policy of insurance described in Schedule "A" annexed hereto (the "**Policy**"). The Policy shall stand as continuing collateral security for the payment of all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Corporation to the Lender, under, in connection with or with respect to the loan agreement dated as of the date hereof among, *inter alia*, the Corporation and the Lender (as amended, restated or otherwise modified from time to time, the "**Loan Agreement**") and the other Loan Documents (as defined in the Loan Agreement) (collectively, the "**Secured Obligations**").

The Corporation further covenants and agrees as follows:

1. The insurer named in the Policy is hereby directed by the Corporation to pay all monies originally payable under the Policy to the Corporation (the "**Monies**") to the Lender in accordance with this assignment at c/o Next Edge Capital, 1 Toronto Street, Suite 200, Toronto, Ontario, M5C 2V6. The Lender is authorized to give its receipts therefor which shall be binding upon the Corporation.
2. The Lender may collect, realize and otherwise deal with the Monies without notice to the Corporation in accordance with the terms of the Loan Agreement. Any Monies received by the Corporation are received as trustee for the Lender and shall be forthwith paid over to the Lender.
3. Any Monies received by the Lender shall be applied against the Secured Obligations in accordance with the terms of the Loan Agreement without prejudice to its claims upon the Corporation for any deficiency.
4. The Lender may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the insurer named in the Policy, the Corporation and others and with the Monies and other securities as the Lender sees fit without prejudice to the liability to the Corporation or the Lender's right to hold or realize this security.
5. The Lender shall not be liable or accountable for any failure to collect any Monies. The Lender shall not be bound to institute proceedings for the purpose of collecting any Monies or for the purpose of preserving any rights of the Lender, the Corporation or any other person in respect thereof.
6. The Lender may charge on its own behalf, and also pay to others, reasonable sums for expenses incurred and for services rendered (expressly including legal fees and disbursements) in or in connection with collecting, realizing or obtaining payment of any Monies, and may add the amount of such sums to the Secured Obligations.
7. The Corporation shall deliver in writing to the Lender from time to time upon request by the Lender such information relating to the Policy as the Lender may require. The

Lender shall be entitled from time to time, in accordance with the terms of the Loan Agreement, to inspect any books, papers, documents or records evidencing or relating to the Policy and make copies thereof, and for such purpose the Lender shall have access to any and all premises containing such books, papers, documents and records occupied by the Corporation.

8. The Corporation shall, upon request by the Lender, do such acts and things and give such receipts, deeds, transfers, discharges or other instruments as may be necessary to enable the Lender to obtain payment of the Monies or any other amounts payable to the Lender hereunder.
9. The Corporation shall forthwith provide the Lender with an authenticated copy of the Policy recording the Lender as mortgagee or loss payee, the priority of the Lender's interest and its full address for service as set forth in paragraph 1 above, and containing a mortgage clause approved by the Insurance Bureau of Canada.
10. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
11. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[signature page follows]

Dated as of the date first above written.

EMBLEM CORP.

DocuSigned by:
Geoff Benic
Per: E39A909CB9844E4
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: 7083A185A879460
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

SCHEDULE "A"
POLICY OF INSURANCE

CERTIFICATE OF LIABILITY INSURANCE

ISSUE DATE YYYY/MM/DD
2021/12/22

BROKER



HUB International Ontario Limited
595 Bay Street, Suite 900
Toronto, ON M5G 2E3
PHONE: 416-619-8000 FAX: 416-619-8001

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

Company A	Wynward Insurance (NextWave)
Company B	Aviva Insurance Company of Canada
Company C	
Company D	
Company E	

INSURED'S FULL NAME AND MAILING ADDRESS
Aleafia Inc., Emblem Cannabis Corporation, Aleafia Health Inc., Canabo Medical Corporation, Emblem Corp. and Aleafia Farms Inc.
85 Basaltic Road
Concord, ON L4K 1G4
Canada

COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies.

LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS


TYPE OF INSURANCE	CO LTR	POLICY NUMBER	EFFECTIVE DATE YYYY/MM/DD	EXPIRY DATE YYYY/MM/DD	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)		
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input checked="" type="checkbox"/> EMPLOYER'S LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input checked="" type="checkbox"/> HIRED AUTOMOBILE	A	NWIC1001194	2021/01/31	2022/01/31	EACH OCCURRENCE	\$ 15,000,000	
					GENERAL AGGREGATE	\$ 25,000,000	
					PRODUCTS - COMP/OP AGGREGATE	\$ 15,000,000	
					PERSONAL INJURY	\$ 15,000,000	
					EMPLOYER'S LIABILITY	\$ 15,000,000	
					TENANT'S LEGAL LIABILITY	\$ 15,000,000	
					NON-OWNED AUTOMOBILE	\$ 15,000,000	
					HIRED AUTOMOBILE	\$ 15,000,000	
AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> DESCRIBED AUTOMOBILES <input checked="" type="checkbox"/> ALL OWNED AUTOMOBILES <input checked="" type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <small>** ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE</small>	B	6741271582	2021/01/31	2022/01/31	BODILY INJURY PROPERTY DAMAGE COMBINED	\$ 2,000,000	
					BODILY INJURY (Per person)	\$ 2,000,000	
					BODILY INJURY (Per accident)	\$ 2,000,000	
					PROPERTY DAMAGE	\$ 50,000	
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM						EACH OCCURRENCE	\$
						AGGREGATE	\$
OTHER (SPECIFY) Property, EBI & Business Interruption	A	NWIC1001194	2021/01/31	2022/01/31	Policy Limit of Loss	\$ 110,302,527	
					Business Interruption	\$ 46,653,097	
						\$	
						\$	

DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS TO WHICH THIS CERTIFICATE APPLIES (but only with respect to the operations of the Named Insured)
 NE SPC II LP is added as an Additional Insured to the Commercial General Liability Policy, but only with respect to liability arising out of the operations of the Named Insured.

NE SPC II LP is also added as a First Loss Payee to the Commercial Property/Business Interruption and Equipment Breakdown policy(ies), A.T.I.M.A.

NE SPC II LP is also added as First Mortgagee for the locations at:
 20 Woodslee Avenue, Paris, ON
 378 South Service Road, Grimsby, ON

(continued next page)

CERTIFICATE HOLDER	CANCELLATION
NE SPC II LP c/o Next Edge Capital 1 Toronto Street Suite 2000 Toronto, ON M5C 2V6 Canada	Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives. AUTHORIZED REPRESENTATIVE  Per: _____ Page 1 of 2

ADDITIONAL REMARKS SCHEDULE

PRODUCER HUB International Ontario Limited		INSURED Aleafia Inc., Emblem Cannabis Corporation, Aleafia Health Inc., Canabo Medical Corporation, Emblem Corp. and Aleafia Farms Inc.	
POLICY NUMBER			
CARRIER	NAIC CODE	ISSUE DATE: 12/22/2021	

ADDITIONAL REMARKS

(continued from previous page)

COMMERCIAL PACKAGE COVERAGE

Commercial Property Policy includes:

'All Risks'

Broad Form

Replacement Cost Basis

IBC Standard Mortgage Clause

See Attached Addendum - Statement of Values and Locations

Commercial Property Deductibles:

All losses (depending on locaton): \$5,000. or \$10,000.; except:

Earthquake: 5% of TIV or \$100,000 Minimum

Flood: \$25,000

Sewer Back-Up: \$5,000

Business Interruption: 48 Hours Waiting Period

Property Policy includes Spoilage coverage (maximum \$250,000 Limit of Liability) and Equipment Breakdown Coverage (Limits as per SOV on file).

Commercial General Liability Deductibles:

Per Occurrence: \$5,000

Product Recall Coverage

Policy No. NWIC1001434

Insurer: NextWave (via Wynward Insurance)

Policy Term: January 31, 2021 to January 31, 2022

Limit of Liability - Each Claim: \$15,000,000

Policy Term Aggregate: \$15,000,000

Deductible: \$100,000

Claims Made Form

Marine Cargo Coverage

Policy No. TOCMC11478102

Insurer: Liberty Mutual Insurance Company

Policy Term: January 31, 2021 to January 31, 2022

Limit of Liability: \$50,000,000

Domestic Transit Limit: \$750,000

Deductible: \$10,000

Within Canada Only

Professional Liability Coverage

Policy No. BC02332-2103

Insurer: Berkley Canada

Policy Term: January 31, 2021 to January 31, 2022

Claims Made Form

Per Claim Limit of Liability (inclusive of Claims Expenses): \$5,000,000

Aggregate Limit of Liability (inclusive of Claims Expenses): \$5,000,000

Deductible: \$5,000

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant Improvements	Contents	Equipment, including security equipment and currently lab and oil capsule production	Mobile Trailers	Business Income	Total Insured Value	Occupancy	Year Built	Construction	Protection	Fire Protection	Notes/Comments	
8401 Weston Road, Unit 1	Woodbridge	ON	L4L 1A6		7,954	50	\$0	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000	Clinic - Office Bldg						
2540 Shirley Road, Regional Ad. 18	Blackrock	ON	L9E 1B1		2,500		\$1,000,000	\$500,000	\$0	\$0	\$150,000	\$20,000	\$0	\$0	\$1,900,000	Indoor Grow Facility and office - Owned						
2540 Shirley Road, Regional Ad 19 (Previously 2560)	Blackrock	ON	L9E 1B1		2,900		\$675,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$675,000	house / office / garage / barn						
2540 Shirley Road, Regional Ad 19 (Previously 2560)	Blackrock	ON	L9E 1B1		5,000		\$400,000	\$0	\$0	\$0	\$0	\$0	\$40,500	\$0	\$440,500						Total Bums 6*6000 sq ft for storage and 1 D1865000 ft for machinery	
2540 Shirley Road, Regional Ad. 19	Blackrock	ON	L9E 1B3		16,000		\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$177,045	\$0	\$3,177,045	current use for storage 6 Bums	2020 - Currently in use	Metal roof, wood studs, concrete floor				Effective July 1, 2020, addition of 5 Bums (End: 5) Effective July 6, 2020, addition of the following (End: 7) Mobile Trailer \$55,545 Lavatory Unit \$40,100 Waste Combo Tank \$73,000 Table/Chair (Trailer Contents) \$940
178 South Service Road	Grimby	ON	L3M 5A5				\$5,083,724	\$5,000,000	\$0	\$2,803,729	\$3,356,559	\$131,640	\$0	\$17,363,652	Greenhouse - Owned							Effective July 6, 2020 (Endorsement No. 7) Addition of Mobile Trailers Trailer #1: \$40,500 - Serial # M0124003-00437 + Mobile Trailer #2: \$40,500 - Serial # M0124003-AM00039 + Mobile Trailer #3: \$40,500 - Serial # M0124003-AM00039
178 South Service Road	Grimby	ON	L3M 5A5				\$500,000	\$0	\$0	\$933,794	\$0	\$0	\$0	\$1,433,794	Farmhouse - Owned							
1 Eglinton Avenue East, Suite 807	Toronto	ON	M4P 3A1				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	clinic							Concrete, Fire Resistive
5991 Spring Garden Road, Suite 640	Halifax	NS	B3H 4R7				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	clinic						Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$42,436) Endorsement No. 1
1385 Bank Street, Suite 305	Ottawa	ON	K1H 2N4				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Clinic						Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$42,436) Endorsement No. 1
6 Logy Bay Road	St. John's	NL	A1A 1J3				\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000	Office Space for Call Centre Staff						Effective June 22, 2020; DECREASED Contents limit to \$25,000 (from \$42,230) Occupancy amended to Office Space for Call Centre Staff; Fire & Clinic Endorsement No. 1
11 Lakeside Terrace, Suite 305	Burns	ON	L4M 0H9				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000							Effective June 22, 2020; INCREASED Contents limit to \$20,000 (from \$10,500); Endorsement No. 1
800 Princess Street, Suite 107	Kingston	ON	K7L 5L4				\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$5,000	Clinic						Effective June 22, 2020; DECREASED Contents limit to \$5,000 (from \$7,000); Endorsement No. 1
8-10 Rewan Street, Suite 205	St. John's	NL	A1B 2X1			1	\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Retail/medical offices						Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$30,000); Endorsement No. 1
85 Baxendale Road	Concord	ON	L4K 1G4	Fonks Holdings, Limited 112 Steeles Drive Woodbridge, ON L4L 5V9	36,000	1	\$0	\$0	\$0	\$0	\$20,000	\$20,000	\$0	\$0	\$40,000	Warehouse - Storage / GTA Hub Offices	1980s	Concrete Blocks/Steel Frame	Alarm - Central	Sprinkler/Hydrant Protected		Effective November 30, 2020; INCREASE Contents to \$20,000; Effective April 1, 2020 - liability extended to Incidents Designated Personnel Limitations, USA Exclusions, Aberrants (All municipal services and fire/police guidelines must be adhered to at all times, Occupancy / Warehouse, Miscellaneous storage and office space) Effective June 22, 2020 - Endorsement No. 8 Property Coverage added to location (\$10K Contents/\$10K Equipment); Coverage extended to location.

\$25,280,090

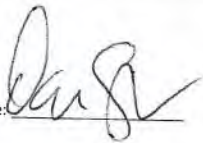
Signature: 

Date:

21 JAN 21

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant's Improvements	Contents	Equipment, including security equipment and currently lab and oil/capsule production	Office - Mobile Trailer	Business Income	Total Insured Value	Occupancy	Year Built	Construction	Prote
20 Woodslee Ave (grow and pack)	Paris	ON	N2L 3N6		27,000	1	\$2,500,000	\$6,000,000	\$6,528,889	\$0	\$818,451	\$5,000,000	\$5,000	\$0	\$20,852,340	Medical Cannabis - produce, supply, distribute	Rebuilt in 2015	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenc 24/7 Guard
20 Woodslee Ave (GMP Building) NEW BUILDING	Paris	ON	N2L 3N6		30,000	2 floors with mezanine level	\$10,000,000	\$0	\$0	\$0	\$0	\$5,000,000	\$0	\$0	\$15,000,000	Laboratory & Oil and Advanced Pharma Formulations, including Oral Sprays, Soft Gels, Capsules, edibles, and 2.0 formats	Completed and in use	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenced Yard 24/7 Guard
20 Woodslee Ave (call ctr)	Paris	ON	N2L 3N6		5,000	1	\$2,110,000	\$0	\$0	\$0	\$300,000	\$140,000	\$0	\$0	\$2,550,000	Administration, Call Centre	Original building built in 1982 - roof replaced in last 2 years, interior updated in last 10-15 years	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenced Yard, 24/7 Guard
36 York Mills Rd, Suite 500	Toronto	ON	M2P 2E9		5,000	5th floor	\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000	Leased Office Space	1986		security = 2 p 24/7

\$38,427,340

Signature: 

Date: 2/10/21

Embl
Aleal
GrowV
TOTAL

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant Improvements	Contents	Equipment, including security equipment and currently lab and oil/capsule	Business Income	Total Insured Value	Occupancy	Year Built
111 King Street East, 3rd Floor	Oshawa	ON			500		\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$5,000	Clinic	1971
368 11th St.	Courtenay	BC	V9H 8H5				\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$2,500	clinic (part-time area space license)	
642 Richmond Street	London	ON	N6A 3G6		1,100		\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$5,000	GrowWise only (part-time area space license) - use the space as a clinic 4-5 days/per month - do not rent or own building	1903
16011 Airport Road	Caledon East	ON	L7C 1E7				\$0	\$0	\$0	\$0	\$2,000	\$0	\$0	\$2,000	Occupancy updated as follows: use the space as a clinic 1-2 days/per month - does not rent nor own building Endt 1	
2050 Weston Road	North York	ON	M9N 1X4				\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$2,500	GrowWise only (part-time area space license)	

\$17,000

Signature: _____

Date: _____

21 FEB 21
21 JAN 21

ASSIGNMENT OF INSURANCE MONIES

THIS AGREEMENT DATED as of the 24th day of December, 2021

For valuable consideration (the receipt and sufficiency of which are hereby acknowledged) Emblem Cannabis Corporation (the "**Corporation**") hereby assigns and transfers to NE SPC II LP (the "**Lender**") the interest of the Corporation as insured under the policy of insurance described in Schedule "A" annexed hereto (the "**Policy**"). The Policy shall stand as continuing collateral security for the payment of all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Corporation to the Lender, under, in connection with or with respect to the loan agreement dated as of the date hereof among, *inter alia*, the Corporation and the Lender (as amended, restated or otherwise modified from time to time, the "**Loan Agreement**") and the other Loan Documents (as defined in the Loan Agreement) (collectively, the "**Secured Obligations**").

The Corporation further covenants and agrees as follows:

1. The insurer named in the Policy is hereby directed by the Corporation to pay all monies originally payable under the Policy to the Corporation (the "**Monies**") to the Lender in accordance with this assignment at c/o Next Edge Capital, 1 Toronto Street, Suite 200, Toronto, Ontario, M5C 2V6. The Lender is authorized to give its receipts therefor which shall be binding upon the Corporation.
2. The Lender may collect, realize and otherwise deal with the Monies without notice to the Corporation in accordance with the terms of the Loan Agreement. Any Monies received by the Corporation are received as trustee for the Lender and shall be forthwith paid over to the Lender.
3. Any Monies received by the Lender shall be applied against the Secured Obligations in accordance with the terms of the Loan Agreement without prejudice to its claims upon the Corporation for any deficiency.
4. The Lender may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the insurer named in the Policy, the Corporation and others and with the Monies and other securities as the Lender sees fit without prejudice to the liability to the Corporation or the Lender's right to hold or realize this security.
5. The Lender shall not be liable or accountable for any failure to collect any Monies. The Lender shall not be bound to institute proceedings for the purpose of collecting any Monies or for the purpose of preserving any rights of the Lender, the Corporation or any other person in respect thereof.
6. The Lender may charge on its own behalf, and also pay to others, reasonable sums for expenses incurred and for services rendered (expressly including legal fees and disbursements) in or in connection with collecting, realizing or obtaining payment of any Monies, and may add the amount of such sums to the Secured Obligations.
7. The Corporation shall deliver in writing to the Lender from time to time upon request by the Lender such information relating to the Policy as the Lender may require. The

Lender shall be entitled from time to time, in accordance with the terms of the Loan Agreement, to inspect any books, papers, documents or records evidencing or relating to the Policy and make copies thereof, and for such purpose the Lender shall have access to any and all premises containing such books, papers, documents and records occupied by the Corporation.

8. The Corporation shall, upon request by the Lender, do such acts and things and give such receipts, deeds, transfers, discharges or other instruments as may be necessary to enable the Lender to obtain payment of the Monies or any other amounts payable to the Lender hereunder.
9. The Corporation shall forthwith provide the Lender with an authenticated copy of the Policy recording the Lender as mortgagee or loss payee, the priority of the Lender's interest and its full address for service as set forth in paragraph 1 above, and containing a mortgage clause approved by the Insurance Bureau of Canada.
10. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
11. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[signature page follows]

Dated as of the date first above written.

EMBLEM CANNABIS CORPORATION

DocuSigned by:

Geoff Benic

Per: _____
E29A909CB9944F4...

Name: Geoffrey Benic

Title: President

DocuSigned by:

Matthew Sale

Per: _____
7083A185A879460...

Name: Matthew Sale

Title: Authorized Signatory

We have authority to bind the corporation.

SCHEDULE "A"
POLICY OF INSURANCE

CERTIFICATE OF LIABILITY INSURANCE

ISSUE DATE YYYY/MM/DD
2021/12/22

BROKER



HUB International Ontario Limited
595 Bay Street, Suite 900
Toronto, ON M5G 2E3
PHONE: 416-619-8000 FAX: 416-619-8001

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

Company A	Wynward Insurance (NextWave)
Company B	Aviva Insurance Company of Canada
Company C	
Company D	
Company E	

INSURED'S FULL NAME AND MAILING ADDRESS
Aleafia Inc., Emblem Cannabis Corporation, Aleafia Health Inc., Canabo Medical Corporation, Emblem Corp. and Aleafia Farms Inc.
85 Basaltic Road
Concord, ON L4K 1G4
Canada

COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies.

LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

TYPE OF INSURANCE	CO LTR	POLICY NUMBER	EFFECTIVE DATE YYYY/MM/DD	EXPIRY DATE YYYY/MM/DD	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)					
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input checked="" type="checkbox"/> EMPLOYER'S LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input checked="" type="checkbox"/> HIRED AUTOMOBILE	A	NWIC1001194	2021/01/31	2022/01/31	EACH OCCURRENCE	\$ 15,000,000				
					GENERAL AGGREGATE	\$ 25,000,000				
					PRODUCTS - COMP/OP AGGREGATE	\$ 15,000,000				
					PERSONAL INJURY	\$ 15,000,000				
					EMPLOYER'S LIABILITY	\$ 15,000,000				
					TENANT'S LEGAL LIABILITY	\$ 15,000,000				
					NON-OWNED AUTOMOBILE	\$ 15,000,000				
					HIRED AUTOMOBILE	\$ 15,000,000				
AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> DESCRIBED AUTOMOBILES <input checked="" type="checkbox"/> ALL OWNED AUTOMOBILES <input checked="" type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <small>** ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE</small>	B	6741271582	2021/01/31	2022/01/31	BODILY INJURY PROPERTY DAMAGE COMBINED	\$ 2,000,000				
					BODILY INJURY (Per person)	\$ 2,000,000				
					BODILY INJURY (Per accident)	\$ 2,000,000				
					PROPERTY DAMAGE	\$ 50,000				
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM					EACH OCCURRENCE	\$				
					AGGREGATE	\$				
OTHER (SPECIFY) Property, EBI & Business Interruption	A	NWIC1001194	2021/01/31	2022/01/31	Policy Limit of Loss	\$ 110,302,527				
					Business Interruption	\$ 46,653,097				
						\$				
						\$				

DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS TO WHICH THIS CERTIFICATE APPLIES (but only with respect to the operations of the Named Insured)
 NE SPC II LP is added as an Additional Insured to the Commercial General Liability Policy, but only with respect to liability arising out of the operations of the Named Insured.

NE SPC II LP is also added as a First Loss Payee to the Commercial Property/Business Interruption and Equipment Breakdown policy(ies), A.T.I.M.A.

NE SPC II LP is also added as First Mortgagee for the locations at:
 20 Woodslee Avenue, Paris, ON
 378 South Service Road, Grimsby, ON

(continued next page)

CERTIFICATE HOLDER

NE SPC II LP
 c/o Next Edge Capital
 1 Toronto Street
 Suite 2000
 Toronto, ON M5C 2V6
 Canada

CANCELLATION

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

AUTHORIZED REPRESENTATIVE

Per: _____

ADDITIONAL REMARKS SCHEDULE

PRODUCER HUB International Ontario Limited		INSURED Aleafia Inc., Emblem Cannabis Corporation, Aleafia Health Inc., Canabo Medical Corporation, Emblem Corp. and Aleafia Farms Inc.	
POLICY NUMBER			
CARRIER	NAIC CODE	ISSUE DATE: 12/22/2021	

ADDITIONAL REMARKS

(continued from previous page)

COMMERCIAL PACKAGE COVERAGE

Commercial Property Policy includes:

'All Risks'

Broad Form

Replacement Cost Basis

IBC Standard Mortgage Clause

See Attached Addendum - Statement of Values and Locations

Commercial Property Deductibles:

All losses (depending on locaton): \$5,000. or \$10,000.; except:

Earthquake: 5% of TIV or \$100,000 Minimum

Flood: \$25,000

Sewer Back-Up: \$5,000

Business Interruption: 48 Hours Waiting Period

Property Policy includes Spoilage coverage (maximum \$250,000 Limit of Liability) and Equipment Breakdown Coverage (Limits as per SOV on file).

Commercial General Liability Deductibles:

Per Occurrence: \$5,000

Product Recall Coverage

Policy No. NWIC1001434

Insurer: NextWave (via Wynward Insurance)

Policy Term: January 31, 2021 to January 31, 2022

Limit of Liability - Each Claim: \$15,000,000

Policy Term Aggregate: \$15,000,000

Deductible: \$100,000

Claims Made Form

Marine Cargo Coverage

Policy No. TOCMC11478102

Insurer: Liberty Mutual Insurance Company

Policy Term: January 31, 2021 to January 31, 2022

Limit of Liability: \$50,000,000

Domestic Transit Limit: \$750,000

Deductible: \$10,000

Within Canada Only

Professional Liability Coverage

Policy No. BC02332-2103

Insurer: Berkley Canada

Policy Term: January 31, 2021 to January 31, 2022

Claims Made Form

Per Claim Limit of Liability (inclusive of Claims Expenses): \$5,000,000

Aggregate Limit of Liability (inclusive of Claims Expenses): \$5,000,000

Deductible: \$5,000

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant Improvements	Contents	Equipment, including security equipment and currently lab and oil capsule production	Mobile Trailers	Business Income	Total Insured Value	Occupancy	Year Built	Construction	Protection	Fire Protection	Notes/Comments	
8401 Weston Road, Unit 1	Woodbridge	ON	L4L 1A6		7,954	50	\$0	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000	Clinic - Office Bldg						
2540 Shirley Road, Regional Ad. 18	Blackrock	ON	L9E 1B1		2,500		\$1,000,000	\$500,000	\$0	\$0	\$150,000	\$20,000	\$0	\$0	\$1,900,000	Indoor Grow Facility and office - Owned						
2540 Shirley Road, Regional Ad 19 (Previously 2560)	Blackrock	ON	L9E 1B1		2,900		\$675,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$675,000	house / office / garage / barn						
2540 Shirley Road, Regional Ad 19 (Previously 2560)	Blackrock	ON	L9E 1B1		5,000		\$400,000	\$0	\$0	\$0	\$0	\$0	\$40,500	\$0	\$440,500						Total Bums 6*6000 sq ft for storage and 1 D1865000 ft for machinery	
2540 Shirley Road, Regional Ad. 19	Blackrock	ON	L9E 1B3		16,000		\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$177,045	\$0	\$3,177,045	current use for storage 6 Bums	2020 - Currently in use	Metal roof, wood studs, concrete floor				Effective July 1, 2020, addition of 5 Bums (End: 5) Effective July 6, 2020, addition of the following (End: 7) Mobile Trailer \$55,545 Lavatory Unit \$40,100 Waste Combo Tank \$73,000 Table/Chair (Trailer Contents) \$940
178 South Service Road	Grimby	ON	L3M 5A5				\$5,083,724	\$5,000,000	\$0	\$2,803,729	\$3,356,559	\$131,640	\$0	\$17,363,652	Greenhouse - Owned							Effective July 6, 2020 (Endorsement No. 7) Addition of Mobile Trailers Trailer #1: \$40,500 - Serial # M0124003-00437 + Mobile Trailer #2: \$40,500 - Serial # M0124003-AM00039 + Mobile Trailer #3: \$40,500 - Serial # M0124003-AM00039
178 South Service Road	Grimby	ON	L3M 5A5				\$500,000	\$0	\$0	\$933,794	\$0	\$0	\$0	\$1,433,794	Farmhouse - Owned							
1 Eglinton Avenue East, Suite 807	Toronto	ON	M4P 3A1				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	Clinic			Concrete, Fire Resistive				
5991 Spring Garden Road, Suite 640	Halifax	NS	B3H 4R7				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Clinic			Concrete, Fire Resistive		Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$42,436) Endorsement No. 1	
1385 Bank Street, Suite 305	Ottawa	ON	K1H 2N4				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Clinic			Concrete, Fire Resistive		Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$42,436) Endorsement No. 1	
6 Logy Bay Road	St. John's	NL	A1A 1J3				\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000	Office Space for Call Centre Staff			Masonry, Brick Veneer		Effective June 22, 2020; DECREASED Contents limit to \$25,000 (from \$42,230) Occupancy amended to Office Space for Call Centre Staff; Fire & Clinic Endorsement No. 1	
11 Lakeside Terrace, Suite 305	Burns	ON	L4M 0H9				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000						Effective June 22, 2020; INCREASED Contents limit to \$20,000 (from \$10,500); Endorsement No. 1	
800 Princess Street, Suite 107	Kingston	ON	K7L 5J4				\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$5,000	Clinic			Concrete, Fire Resistive		Effective June 22, 2020; DECREASED Contents limit to \$5,000 (from \$7,000); Endorsement No. 1	
8-10 Rewan Street, Suite 205	St. John's	NL	A1B 2X1			1	\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Retail/Medical Offices			Brick or Masonry, Steel Structure		Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$30,000); Endorsement No. 1	
85 Baxendale Road	Concord	ON	L4K 1G4	Fonks Holdings, Limited 112 Steeles Drive Woodbridge, ON L4L 5V9	36,000	1	\$0	\$0	\$0	\$0	\$20,000	\$20,000	\$0	\$0	\$40,000	Warehouse - Storage / GTA Hub Offices	1980s	Concrete Blocks/Steel Frame	Alarm - Central	Sprinkler/Hydrant Protected	Effective November 30, 2020; INCREASE Contents to \$20,000; Effective April 1, 2020 - liability extended to include: Designated Personnel Limitation, USA Exclusion, Aberrant; (All municipal services and fire/police guidelines must be adhered to at all times, Occupancy / Warehouse, Miscellaneous storage and office space) Effective June 22, 2020 - Endorsement No. 8 Property Coverage added to location (\$10K Contents/\$10K Equipment); Coverage extended to location.	

\$25,280,090

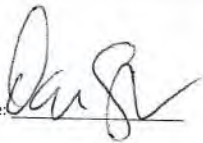
Signature: 

Date:

21 JAN 21

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant's Improvements	Contents	Equipment, including security equipment and currently lab and oil/capsule production	Office - Mobile Trailer	Business Income	Total Insured Value	Occupancy	Year Built	Construction	Prote
20 Woodslee Ave (grow and pack)	Paris	ON	N2L 3N6		27,000	1	\$2,500,000	\$6,000,000	\$6,528,889	\$0	\$818,451	\$5,000,000	\$5,000	\$0	\$20,852,340	Medical Cannabis - produce, supply, distribute	Rebuilt in 2015	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenc 24/7 Guard
20 Woodslee Ave (GMP Building) NEW BUILDING	Paris	ON	N2L 3N6		30,000	2 floors with mezanine level	\$10,000,000	\$0	\$0	\$0	\$0	\$5,000,000	\$0	\$0	\$15,000,000	Laboratory & Oil and Advanced Pharma Formulations, including Oral Sprays, Soft Gels, Capsules, edibles, and 2.0 formats	Completed and in use	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenced Yard 24/7 Guard
20 Woodslee Ave (call ctr)	Paris	ON	N2L 3N6		5,000	1	\$2,110,000	\$0	\$0	\$0	\$300,000	\$140,000	\$0	\$0	\$2,550,000	Administration, Call Centre	Original building built in 1982 - roof replaced in last 2 years, interior updated in last 10-15 years	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenced Yard, 24/7 Guard
36 York Mills Rd, Suite 500	Toronto	ON	M2P 2E9		5,000	5th floor	\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000	Leased Office Space	1986		security = 2 p 24/7

\$38,427,340

Signature: 

Date: 2/10/21

Embl
Aleal
GrowV
TOTAL

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant Improvements	Contents	Equipment, including security equipment and currently lab and oil/capsule	Business Income	Total Insured Value	Occupancy	Year Built
111 King Street East, 3rd Floor	Oshawa	ON			500		\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$5,000	Clinic	1971
368 11th St.	Courtenay	BC	V9H 8H5				\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$2,500	clinic (part-time area space license)	
642 Richmond Street	London	ON	N6A 3G6		1,100		\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$5,000	GrowWise only (part-time area space license) - use the space as a clinic 4-5 days/per month - do not rent or own building	1903
16011 Airport Road	Caledon East	ON	L7C 1E7				\$0	\$0	\$0	\$0	\$2,000	\$0	\$0	\$2,000	Occupancy updated as follows: use the space as a clinic 1-2 days/per month - does not rent nor own building Endt 1	
2050 Weston Road	North York	ON	M9N 1X4				\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$2,500	GrowWise only (part-time area space license)	

\$17,000

Signature: _____

Date: _____

21 FEB 21
21 JAN 21

ASSIGNMENT OF INSURANCE MONIES

THIS AGREEMENT DATED as of the 24th day of December, 2021

For valuable consideration (the receipt and sufficiency of which are hereby acknowledged) Aleafia Farms Inc. (the "**Corporation**") hereby assigns and transfers to NE SPC II LP (the "**Lender**") the interest of the Corporation as insured under the policy of insurance described in Schedule "A" annexed hereto (the "**Policy**"). The Policy shall stand as continuing collateral security for the payment of all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Corporation to the Lender, under, in connection with or with respect to the loan agreement dated as of the date hereof among, *inter alia*, the Corporation and the Lender (as amended, restated or otherwise modified from time to time, the "**Loan Agreement**") and the other Loan Documents (as defined in the Loan Agreement) (collectively, the "**Secured Obligations**").

The Corporation further covenants and agrees as follows:

1. The insurer named in the Policy is hereby directed by the Corporation to pay all monies originally payable under the Policy to the Corporation (the "**Monies**") to the Lender in accordance with this assignment at c/o Next Edge Capital, 1 Toronto Street, Suite 200, Toronto, Ontario, M5C 2V6. The Lender is authorized to give its receipts therefor which shall be binding upon the Corporation.
2. The Lender may collect, realize and otherwise deal with the Monies without notice to the Corporation in accordance with the terms of the Loan Agreement. Any Monies received by the Corporation are received as trustee for the Lender and shall be forthwith paid over to the Lender.
3. Any Monies received by the Lender shall be applied against the Secured Obligations in accordance with the terms of the Loan Agreement without prejudice to its claims upon the Corporation for any deficiency.
4. The Lender may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the insurer named in the Policy, the Corporation and others and with the Monies and other securities as the Lender sees fit without prejudice to the liability to the Corporation or the Lender's right to hold or realize this security.
5. The Lender shall not be liable or accountable for any failure to collect any Monies. The Lender shall not be bound to institute proceedings for the purpose of collecting any Monies or for the purpose of preserving any rights of the Lender, the Corporation or any other person in respect thereof.
6. The Lender may charge on its own behalf, and also pay to others, reasonable sums for expenses incurred and for services rendered (expressly including legal fees and disbursements) in or in connection with collecting, realizing or obtaining payment of any Monies, and may add the amount of such sums to the Secured Obligations.
7. The Corporation shall deliver in writing to the Lender from time to time upon request by the Lender such information relating to the Policy as the Lender may require. The

Lender shall be entitled from time to time, in accordance with the terms of the Loan Agreement, to inspect any books, papers, documents or records evidencing or relating to the Policy and make copies thereof, and for such purpose the Lender shall have access to any and all premises containing such books, papers, documents and records occupied by the Corporation.

8. The Corporation shall, upon request by the Lender, do such acts and things and give such receipts, deeds, transfers, discharges or other instruments as may be necessary to enable the Lender to obtain payment of the Monies or any other amounts payable to the Lender hereunder.
9. The Corporation shall forthwith provide the Lender with an authenticated copy of the Policy recording the Lender as mortgagee or loss payee, the priority of the Lender's interest and its full address for service as set forth in paragraph 1 above, and containing a mortgage clause approved by the Insurance Bureau of Canada.
10. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
11. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[signature page follows]

Dated as of the date first above written.

ALEAFIA FARMS INC.

DocuSigned by:
Geoff Benic
Per: E39A909CB9844E4
Name: Geoffrey Benic
Title: President

DocuSigned by:
Matthew Sale
Per: 7083A185A879460...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

SCHEDULE "A"
POLICY OF INSURANCE

CERTIFICATE OF LIABILITY INSURANCE

ISSUE DATE YYYY/MM/DD
2021/12/22

BROKER



HUB International Ontario Limited
595 Bay Street, Suite 900
Toronto, ON M5G 2E3
PHONE: 416-619-8000 FAX: 416-619-8001

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

Company A	Wynward Insurance (NextWave)
Company B	Aviva Insurance Company of Canada
Company C	
Company D	
Company E	

INSURED'S FULL NAME AND MAILING ADDRESS
Aleafia Inc., Emblem Cannabis Corporation, Aleafia Health Inc., Canabo Medical Corporation, Emblem Corp. and Aleafia Farms Inc.
85 Basaltic Road
Concord, ON L4K 1G4
Canada

COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies.

LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

TYPE OF INSURANCE	CO LTR	POLICY NUMBER	EFFECTIVE DATE YYYY/MM/DD	EXPIRY DATE YYYY/MM/DD	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)		
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input checked="" type="checkbox"/> EMPLOYER'S LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input checked="" type="checkbox"/> HIRED AUTOMOBILE	A	NWIC1001194	2021/01/31	2022/01/31	EACH OCCURRENCE	\$ 15,000,000	
					GENERAL AGGREGATE	\$ 25,000,000	
					PRODUCTS - COMP/OP AGGREGATE	\$ 15,000,000	
					PERSONAL INJURY	\$ 15,000,000	
					EMPLOYER'S LIABILITY	\$ 15,000,000	
					TENANT'S LEGAL LIABILITY	\$ 15,000,000	
					NON-OWNED AUTOMOBILE	\$ 15,000,000	
					HIRED AUTOMOBILE	\$ 15,000,000	
AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> DESCRIBED AUTOMOBILES <input checked="" type="checkbox"/> ALL OWNED AUTOMOBILES <input checked="" type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <small>** ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE</small>	B	6741271582	2021/01/31	2022/01/31	BODILY INJURY PROPERTY DAMAGE COMBINED	\$ 2,000,000	
					BODILY INJURY (Per person)	\$ 2,000,000	
					BODILY INJURY (Per accident)	\$ 2,000,000	
					PROPERTY DAMAGE	\$ 50,000	
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM						EACH OCCURRENCE	\$
						AGGREGATE	\$
OTHER (SPECIFY) Property, EBI & Business Interruption	A	NWIC1001194	2021/01/31	2022/01/31	Policy Limit of Loss	\$ 110,302,527	
					Business Interruption	\$ 46,653,097	
						\$	
						\$	

DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS TO WHICH THIS CERTIFICATE APPLIES (but only with respect to the operations of the Named Insured)

NE SPC II LP is added as an Additional Insured to the Commercial General Liability Policy, but only with respect to liability arising out of the operations of the Named Insured.

NE SPC II LP is also added as a First Loss Payee to the Commercial Property/Business Interruption and Equipment Breakdown policy(ies), A.T.I.M.A.

NE SPC II LP is also added as First Mortgagee for the locations at:
20 Woodslee Avenue, Paris, ON
378 South Service Road, Grimsby, ON

(continued next page)

CERTIFICATE HOLDER

NE SPC II LP
c/o Next Edge Capital
1 Toronto Street
Suite 2000
Toronto, ON M5C 2V6
Canada

CANCELLATION

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

AUTHORIZED REPRESENTATIVE

Per: _____

ADDITIONAL REMARKS SCHEDULE

PRODUCER HUB International Ontario Limited		INSURED Aleafia Inc., Emblem Cannabis Corporation, Aleafia Health Inc., Canabo Medical Corporation, Emblem Corp. and Aleafia Farms Inc.	
POLICY NUMBER			
CARRIER	NAIC CODE	ISSUE DATE: 12/22/2021	

ADDITIONAL REMARKS

(continued from previous page)

COMMERCIAL PACKAGE COVERAGE

Commercial Property Policy includes:

'All Risks'

Broad Form

Replacement Cost Basis

IBC Standard Mortgage Clause

See Attached Addendum - Statement of Values and Locations

Commercial Property Deductibles:

All losses (depending on locaton): \$5,000. or \$10,000.; except:

Earthquake: 5% of TIV or \$100,000 Minimum

Flood: \$25,000

Sewer Back-Up: \$5,000

Business Interruption: 48 Hours Waiting Period

Property Policy includes Spoilage coverage (maximum \$250,000 Limit of Liability) and Equipment Breakdown Coverage (Limits as per SOV on file).

Commercial General Liability Deductibles:

Per Occurrence: \$5,000

Product Recall Coverage

Policy No. NWIC1001434

Insurer: NextWave (via Wynward Insurance)

Policy Term: January 31, 2021 to January 31, 2022

Limit of Liability - Each Claim: \$15,000,000

Policy Term Aggregate: \$15,000,000

Deductible: \$100,000

Claims Made Form

Marine Cargo Coverage

Policy No. TOCMC11478102

Insurer: Liberty Mutual Insurance Company

Policy Term: January 31, 2021 to January 31, 2022

Limit of Liability: \$50,000,000

Domestic Transit Limit: \$750,000

Deductible: \$10,000

Within Canada Only

Professional Liability Coverage

Policy No. BC02332-2103

Insurer: Berkley Canada

Policy Term: January 31, 2021 to January 31, 2022

Claims Made Form

Per Claim Limit of Liability (inclusive of Claims Expenses): \$5,000,000

Aggregate Limit of Liability (inclusive of Claims Expenses): \$5,000,000

Deductible: \$5,000

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant Improvements	Contents	Equipment, including security equipment and currently lab and oil capsule production	Mobile Trailers	Business Income	Total Insured Value	Occupancy	Year Built	Construction	Protection	Fire Protection	Notes/Comments	
8401 Weston Road, Unit 1	Woodbridge	ON	L4L 1A6		2,954	50	\$0	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000	Clinic - Office Bldg						
2540 Shirley Road, Regional Ad. 18	Blackrock	ON	L9E 1B1		2,500		\$1,000,000	\$500,000	\$0	\$0	\$150,000	\$20,000	\$0	\$0	\$1,900,000	Indoor Grow Facility and office - Owned						
2540 Shirley Road, Regional Ad 19 (Previously 2560)	Blackrock	ON	L9E 1B1		2,900		\$675,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$675,000	house / office / garage / barn						
2540 Shirley Road, Regional Ad 19 (Previously 2560)	Blackrock	ON	L9E 1B1		5,000		\$400,000	\$0	\$0	\$0	\$0	\$0	\$40,500	\$0	\$440,500						Total Bams 6*6000 sq ft for storage and 1 B1865000 ft for machinery	
2540 Shirley Road, Regional Ad. 19	Blackrock	ON	L9E 1B3		16,000		\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$17,045	\$0	\$3,127,045	current use for storage 6 Bams	2020 - Currently in use	Metal roof, wood studs, concrete floor				Effective July 1, 2020, addition of 5 Bams (End: 5) Effective July 6, 2020, addition of the following (End: 7) Mobile Trailer #55,545 Lavatory Unit #40,100 Waste Combo Tank #73,000 Table/Chair (Trailer Contents) \$940
178 South Service Road	Grimby	ON	L3M 5A5				\$5,083,724	\$5,000,000	\$0	\$2,803,729	\$3,356,559	\$13,640	\$0	\$17,363,652	Greenhouse - Owned							Effective July 6, 2020 (Endorsement No. 7) Addition of Mobile Trailers Trailer #1: \$40,500 - Serial # M0124000-00437 + Mobile Trailer #2: \$40,500 - Serial # M0124000AM00039 + Mobile Trailer #3: \$40,500 - Serial # M0124000EM00016
178 South Service Road	Grimby	ON	L3M 5A5				\$500,000	\$0	\$0	\$933,794	\$0	\$0	\$0	\$1,433,794	Farmhouse - Owned							
1 Eglinton Avenue East, Suite 807	Toronto	ON	M4P 3A1				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	Clinic							Concrete, Fire Resistive
5991 Spring Garden Road, Suite 640	Halifax	NS	B3H 4R7				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Clinic						Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$42,436) Endorsement No. 1
1385 Bank Street, Suite 305	Ottawa	ON	K1H 2N4				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Clinic						Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$42,436) Endorsement No. 1
6 Logy Bay Road	St. John's	NL	A1A 1J3				\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000	Office Space for Call Centre Staff						Effective June 22, 2020; DECREASED Contents limit to \$25,000 (from \$42,230) Occupancy amended to Office Space for Call Centre Staff; Fire & Clinic Endorsement No. 1
11 Lakeside Terrace, Suite 305	Burns	ON	L4M 0H9				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000							Effective June 22, 2020; INCREASED Contents limit to \$20,000 (from \$10,500); Endorsement No. 1
800 Princess Street, Suite 107	Kingston	ON	K7L 5L4				\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$5,000	Clinic						Effective June 22, 2020; DECREASED Contents limit to \$5,000 (from \$7,000); Endorsement No. 1
8-10 Rewan Street, Suite 205	St. John's	NL	A1B 2X1			1	\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Retail/Medical Offices						Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$30,000); Endorsement No. 1
85 Baxendale Road	Concord	ON	L4K 1G4	Fonks Holdings, Limited 112 Steeles Drive Woodbridge, ON L4L 5V9	36,000	1	\$0	\$0	\$0	\$0	\$20,000	\$20,000	\$0	\$0	\$40,000	Warehouse - Storage / GTA Hub Offices	1980s	Concrete Blocks/ Steel Frame	Alarm - Central	Sprinkler/Hydrant Protected		Effective November 30, 2020; INCREASE Contents to \$20,000; Effective April 1, 2020 - liability extended to Incidents: Designated Premises Limitations, USA Exclusions, Aberrants; All municipal services and fire/police guidelines must be adhered to at all times; Occupancy (Warehouse, Miscellaneous storage and office space) Effective June 22, 2020 - Endorsement No. 8 Property Coverage added to location (\$10K Contents/\$10K Equipment); Coverage extended to location.

\$25,280,090

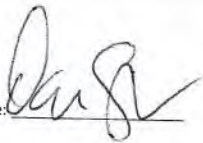
Signature: 

Date:

21 JAN 21

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant's Improvements	Contents	Equipment, including security equipment and currently lab and oil/capsule production	Office - Mobile Trailer	Business Income	Total Insured Value	Occupancy	Year Built	Construction	Prote
20 Woodslee Ave (grow and pack)	Paris	ON	N2L 3N6		27,000	1	\$2,500,000	\$6,000,000	\$6,528,889	\$0	\$818,451	\$5,000,000	\$5,000	\$0	\$20,852,340	Medical Cannabis - produce, supply, distribute	Rebuilt in 2015	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenc 24/7 Guard
20 Woodslee Ave (GMP Building) NEW BUILDING	Paris	ON	N2L 3N6		30,000	2 floors with mezanine level	\$10,000,000	\$0	\$0	\$0	\$0	\$5,000,000	\$0	\$0	\$15,000,000	Laboratory & Oil and Advanced Pharma Formulations, including Oral Sprays, Soft Gels, Capsules, edibles, and 2.0 formats	Completed and in use	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenced Yard 24/7 Guard
20 Woodslee Ave (call ctr)	Paris	ON	N2L 3N6		5,000	1	\$2,110,000	\$0	\$0	\$0	\$300,000	\$140,000	\$0	\$0	\$2,550,000	Administration, Call Centre	Original building built in 1982 - roof replaced in last 2 years, interior updated in last 10-15 years	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenced Yard, 24/7 Guard
36 York Mills Rd, Suite 500	Toronto	ON	M2P 2E9		5,000	5th floor	\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000	Leased Office Space	1986		security = 2 p 24/7

\$38,427,340

Signature: 

Date: 2/10/21

Embl
Aleal
GrowV
TOTAL

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant Improvements	Contents	Equipment, including security equipment and currently lab and oil/capsule	Business Income	Total Insured Value	Occupancy	Year Built
111 King Street East, 3rd Floor	Oshawa	ON			500		\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$5,000	Clinic	1971
368 11th St.	Courtenay	BC	V9H 8H5				\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$2,500	clinic (part-time area space license)	
642 Richmond Street	London	ON	N6A 3G6		1,100		\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$5,000	GrowWise only (part-time area space license) - use the space as a clinic 4-5 days/per month - do not rent or own building	1903
16011 Airport Road	Caledon East	ON	L7C 1E7				\$0	\$0	\$0	\$0	\$2,000	\$0	\$0	\$2,000	Occupancy updated as follows: use the space as a clinic 1-2 days/per month - does not rent nor own building Endt 1	
2050 Weston Road	North York	ON	M9N 1X4				\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$2,500	GrowWise only (part-time area space license)	

\$17,000

Signature: _____

Date: _____

21 FEB 21
21 JAN 21

ASSIGNMENT OF INSURANCE MONIES

THIS AGREEMENT DATED as of the 24th day of December, 2021

For valuable consideration (the receipt and sufficiency of which are hereby acknowledged) Aleafia Health Inc. (the "**Corporation**") hereby assigns and transfers to NE SPC II LP (the "**Lender**") the interest of the Corporation as insured under the policy of insurance described in Schedule "A" annexed hereto (the "**Policy**"). The Policy shall stand as continuing collateral security for the payment of all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Corporation to the Lender, under, in connection with or with respect to the loan agreement dated as of the date hereof among, *inter alia*, the Corporation and the Lender (as amended, restated or otherwise modified from time to time, the "**Loan Agreement**") and the other Loan Documents (as defined in the Loan Agreement) (collectively, the "**Secured Obligations**").

The Corporation further covenants and agrees as follows:

1. The insurer named in the Policy is hereby directed by the Corporation to pay all monies originally payable under the Policy to the Corporation (the "**Monies**") to the Lender in accordance with this assignment at c/o Next Edge Capital, 1 Toronto Street, Suite 200, Toronto, Ontario, M5C 2V6. The Lender is authorized to give its receipts therefor which shall be binding upon the Corporation.
2. The Lender may collect, realize and otherwise deal with the Monies without notice to the Corporation in accordance with the terms of the Loan Agreement. Any Monies received by the Corporation are received as trustee for the Lender and shall be forthwith paid over to the Lender.
3. Any Monies received by the Lender shall be applied against the Secured Obligations in accordance with the terms of the Loan Agreement without prejudice to its claims upon the Corporation for any deficiency.
4. The Lender may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the insurer named in the Policy, the Corporation and others and with the Monies and other securities as the Lender sees fit without prejudice to the liability to the Corporation or the Lender's right to hold or realize this security.
5. The Lender shall not be liable or accountable for any failure to collect any Monies. The Lender shall not be bound to institute proceedings for the purpose of collecting any Monies or for the purpose of preserving any rights of the Lender, the Corporation or any other person in respect thereof.
6. The Lender may charge on its own behalf, and also pay to others, reasonable sums for expenses incurred and for services rendered (expressly including legal fees and disbursements) in or in connection with collecting, realizing or obtaining payment of any Monies, and may add the amount of such sums to the Secured Obligations.
7. The Corporation shall deliver in writing to the Lender from time to time upon request by the Lender such information relating to the Policy as the Lender may require. The

Lender shall be entitled from time to time, in accordance with the terms of the Loan Agreement, to inspect any books, papers, documents or records evidencing or relating to the Policy and make copies thereof, and for such purpose the Lender shall have access to any and all premises containing such books, papers, documents and records occupied by the Corporation.

8. The Corporation shall, upon request by the Lender, do such acts and things and give such receipts, deeds, transfers, discharges or other instruments as may be necessary to enable the Lender to obtain payment of the Monies or any other amounts payable to the Lender hereunder.
9. The Corporation shall forthwith provide the Lender with an authenticated copy of the Policy recording the Lender as mortgagee or loss payee, the priority of the Lender's interest and its full address for service as set forth in paragraph 1 above, and containing a mortgage clause approved by the Insurance Bureau of Canada.
10. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
11. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[signature page follows]

Dated as of the date first above written.

ALEAFIA HEALTH INC.

DocuSigned by:
Geoff Benic
Per: _____
Name: Geoffrey Benic
Title: Chief Executive Officer

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Chief Financial Officer

We have authority to bind the corporation.

SCHEDULE "A"
POLICY OF INSURANCE

CERTIFICATE OF LIABILITY INSURANCE

ISSUE DATE YYYY/MM/DD
2021/12/22

BROKER



HUB International Ontario Limited
595 Bay Street, Suite 900
Toronto, ON M5G 2E3
PHONE: 416-619-8000 FAX: 416-619-8001

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

Company A	Wynward Insurance (NextWave)
Company B	Aviva Insurance Company of Canada
Company C	
Company D	
Company E	

INSURED'S FULL NAME AND MAILING ADDRESS
Aleafia Inc., Emblem Cannabis Corporation, Aleafia Health Inc., Canabo Medical Corporation, Emblem Corp. and Aleafia Farms Inc.
85 Basaltic Road
Concord, ON L4K 1G4
Canada

COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies.

LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

TYPE OF INSURANCE	CO LTR	POLICY NUMBER	EFFECTIVE DATE YYYY/MM/DD	EXPIRY DATE YYYY/MM/DD	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)		
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input checked="" type="checkbox"/> EMPLOYER'S LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input checked="" type="checkbox"/> HIRED AUTOMOBILE	A	NWIC1001194	2021/01/31	2022/01/31	EACH OCCURRENCE	\$ 15,000,000	
					GENERAL AGGREGATE	\$ 25,000,000	
					PRODUCTS - COMP/OP AGGREGATE	\$ 15,000,000	
					PERSONAL INJURY	\$ 15,000,000	
					EMPLOYER'S LIABILITY	\$ 15,000,000	
					TENANT'S LEGAL LIABILITY	\$ 15,000,000	
					NON-OWNED AUTOMOBILE	\$ 15,000,000	
					HIRED AUTOMOBILE	\$ 15,000,000	
AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> DESCRIBED AUTOMOBILES <input checked="" type="checkbox"/> ALL OWNED AUTOMOBILES <input checked="" type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <small>** ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE</small>	B	6741271582	2021/01/31	2022/01/31	BODILY INJURY PROPERTY DAMAGE COMBINED	\$ 2,000,000	
					BODILY INJURY (Per person)	\$ 2,000,000	
					BODILY INJURY (Per accident)	\$ 2,000,000	
					PROPERTY DAMAGE	\$ 50,000	
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM						EACH OCCURRENCE	\$
						AGGREGATE	\$
OTHER (SPECIFY) Property, EBI & Business Interruption	A	NWIC1001194	2021/01/31	2022/01/31	Policy Limit of Loss	\$ 110,302,527	
					Business Interruption	\$ 46,653,097	
						\$	
						\$	

DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS TO WHICH THIS CERTIFICATE APPLIES (but only with respect to the operations of the Named Insured)

NE SPC II LP is added as an Additional Insured to the Commercial General Liability Policy, but only with respect to liability arising out of the operations of the Named Insured.

NE SPC II LP is also added as a First Loss Payee to the Commercial Property/Business Interruption and Equipment Breakdown policy(ies), A.T.I.M.A.

NE SPC II LP is also added as First Mortgagee for the locations at:
20 Woodslee Avenue, Paris, ON
378 South Service Road, Grimsby, ON

(continued next page)

CERTIFICATE HOLDER

NE SPC II LP
c/o Next Edge Capital
1 Toronto Street
Suite 2000
Toronto, ON M5C 2V6
Canada

CANCELLATION

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

AUTHORIZED REPRESENTATIVE

Per: _____

ADDITIONAL REMARKS SCHEDULE

PRODUCER HUB International Ontario Limited		INSURED Aleafia Inc., Emblem Cannabis Corporation, Aleafia Health Inc., Canabo Medical Corporation, Emblem Corp. and Aleafia Farms Inc.	
POLICY NUMBER			
CARRIER	NAIC CODE	ISSUE DATE: 12/22/2021	

ADDITIONAL REMARKS

(continued from previous page)

COMMERCIAL PACKAGE COVERAGE

Commercial Property Policy includes:

'All Risks'

Broad Form

Replacement Cost Basis

IBC Standard Mortgage Clause

See Attached Addendum - Statement of Values and Locations

Commercial Property Deductibles:

All losses (depending on locaton): \$5,000. or \$10,000.; except:

Earthquake: 5% of TIV or \$100,000 Minimum

Flood: \$25,000

Sewer Back-Up: \$5,000

Business Interruption: 48 Hours Waiting Period

Property Policy includes Spoilage coverage (maximum \$250,000 Limit of Liability) and Equipment Breakdown Coverage (Limits as per SOV on file).

Commercial General Liability Deductibles:

Per Occurrence: \$5,000

Product Recall Coverage

Policy No. NWIC1001434

Insurer: NextWave (via Wynward Insurance)

Policy Term: January 31, 2021 to January 31, 2022

Limit of Liability - Each Claim: \$15,000,000

Policy Term Aggregate: \$15,000,000

Deductible: \$100,000

Claims Made Form

Marine Cargo Coverage

Policy No. TOCMC11478102

Insurer: Liberty Mutual Insurance Company

Policy Term: January 31, 2021 to January 31, 2022

Limit of Liability: \$50,000,000

Domestic Transit Limit: \$750,000

Deductible: \$10,000

Within Canada Only

Professional Liability Coverage

Policy No. BC02332-2103

Insurer: Berkley Canada

Policy Term: January 31, 2021 to January 31, 2022

Claims Made Form

Per Claim Limit of Liability (inclusive of Claims Expenses): \$5,000,000

Aggregate Limit of Liability (inclusive of Claims Expenses): \$5,000,000

Deductible: \$5,000

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant Improvements	Contents	Equipment, including security equipment and currently lab and oil capsule production	Mobile Trailers	Business Income	Total Insured Value	Occupancy	Year Built	Construction	Protection	Fire Protection	Notes/Comments
8401 Weston Road, Unit 1	Woodbridge	ON	L4L 1A6		2,954	50	\$0	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000	Clinic - Office Bldg					
2540 Shirley Road, Regional Ad. 18	Blackrock	ON	L9E 1B1		2,500		\$1,000,000	\$500,000	\$0	\$0	\$150,000	\$20,000	\$0	\$0	\$1,900,000	Indoor Grow Facility and office - Owned					
2540 Shirley Road, Regional Ad 19 Previously 2560	Blackrock	ON	L9E 1B1		2,900		\$675,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$675,000	house / office / garage / barn					
2540 Shirley Road, Regional Ad 19 (Previously 2560)	Blackrock	ON	L9E 1B1		5,000		\$400,000	\$0	\$0	\$0	\$0	\$0	\$40,500	\$0	\$440,500						Total Bldgs 6*6000 sq ft for storage and 1 DB6500sq ft for machinery
2540 Shirley Road, Regional Ad. 19	Blackrock	ON	L9E 1B3		16,000		\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$177,045	\$0	\$3,177,045	current use for storage 6 bldgs	2020 - Currently in use	Metal roof, wood studs, concrete floor			Effective July 1, 2020, addition of 5 Bldgs (Est: 5) Effective July 6, 2020, addition of the following (Est /) Mobile Trailer \$55,545 Lavatory Unit \$40,100 Waste Combo Tank \$73,000 Table/Chairs (Trailer Contents) \$940
178 South Service Road	Grimby	ON	L3M 5A5				\$5,083,724	\$5,000,000	\$0	\$2,803,729	\$3,356,559	\$131,640	\$0	\$17,363,652	Greenhouse - Owned						Effective July 6, 2020 (Endorsement No. 7) Addition of Mobile Trailers Trailer #1: \$40,500 - Serial # M0124030-00437 + Mobile Trailer #2: \$40,500 - Serial # M0124031AM00039 + Mobile Trailer #3: \$40,500 - Serial # M0124032AM00039
178 South Service Road	Grimby	ON	L3M 5A5				\$500,000	\$0	\$0	\$933,794	\$0	\$0	\$0	\$1,433,794	Farmhouse - Owned						
1 Eglinton Avenue East, Suite 807	Toronto	ON	M4P 3A1				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	Clinic			Concrete, Fire Resistive			
5991 Spring Garden Road, Suite 640	Halifax	NS	B3H 4R7				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Clinic			Concrete, Fire Resistive		Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$42,436) Endorsement No. 1
1385 Bank Street, Suite 305	Ottawa	ON	K1H 2N4				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Clinic			Concrete, Fire Resistive		Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$42,436) Endorsement No. 1
6 Logy Bay Road	St. John's	NL	A1A 1J3				\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000	Office Space for Call Centre Staff			Masonry, Brick Veneer		Effective June 22, 2020; DECREASED Contents limit to \$25,000 (from \$42,230) Occupancy amended to Office Space for Call Centre Staff; Fire & Clinic Endorsement No. 1
11 Lakeside Terrace, Suite 305	Burns	ON	L4M 0H9				\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000						Effective June 22, 2020; INCREASED Contents limit to \$20,000 (from \$10,500); Endorsement No. 1
800 Princess Street, Suite 107	Kingston	ON	K7L 5L4				\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$5,000	Clinic			Concrete, Fire Resistive		Effective June 22, 2020; DECREASED Contents limit to \$5,000 (from \$7,000); Endorsement No. 1
8-10 Rowan Street, Suite 205	St. John's	NF	A1B 2X1			1	\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000	Retail/medical offices			Brick or Masonry, Steel Structure		Effective June 22, 2020; DECREASED Contents limit to \$20,000 (from \$30,000); Endorsement No. 1
85 Baxendale Road	Concord	ON	L4K 1G4	Fonks Holdings, Limited 112 Steeles Drive Woodbridge, ON L4L 5V9	36,000	1	\$0	\$0	\$0	\$0	\$20,000	\$20,000	\$0	\$0	\$40,000	Warehouse - Storage / GTA Hub Offices	1980s	Concrete Blocks/ Steel Frame	Alarm - Central	Sprinkler/Hydrant Protected	Effective November 30, 2020; INCREASE Contents to \$20,000; Effective April 1, 2020 - liability extended to Incidents Designated Permitted Lawmakers, USA Exclusions, Aberrants (All municipal services and federal guidelines must be adhered to at all times, Occupancy / Warehouse, Miscellaneous storage and office space) Effective June 22, 2020 - Endorsement No. 8 Property Coverage added to location (\$10K Contents/\$10K Equipment); Coverage extended to location.

\$25,280,090

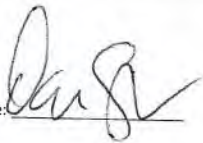
Signature: 

Date:

21 JAN 21

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant's Improvements	Contents	Equipment, including security equipment and currently lab and oil/capsule production	Office - Mobile Trailer	Business Income	Total Insured Value	Occupancy	Year Built	Construction	Prote
20 Woodslee Ave (grow and pack)	Paris	ON	N2L 3N6		27,000	1	\$2,500,000	\$6,000,000	\$6,528,889	\$0	\$818,451	\$5,000,000	\$5,000	\$0	\$20,852,340	Medical Cannabis - produce, supply, distribute	Rebuilt in 2015	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenc 24/7 Guard
20 Woodslee Ave (GMP Building) NEW BUILDING	Paris	ON	N2L 3N6		30,000	2 floors with mezanine level	\$10,000,000	\$0	\$0	\$0	\$0	\$5,000,000	\$0	\$0	\$15,000,000	Laboratory & Oil and Advanced Pharma Formulations, including Oral Sprays, Soft Gels, Capsules, edibles, and 2.0 formats	Completed and in use	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenced Yard 24/7 Guard
20 Woodslee Ave (call ctr)	Paris	ON	N2L 3N6		5,000	1	\$2,110,000	\$0	\$0	\$0	\$300,000	\$140,000	\$0	\$0	\$2,550,000	Administration, Call Centre	Original building built in 1982 - roof replaced in last 2 years, interior updated in last 10-15 years	Walls: Masonry, Roof: Tar & Gravel, Steel, Floor: Concrete & Tile	Central Mon Alarm, Fenced Yard, 24/7 Guard
36 York Mills Rd, Suite 500	Toronto	ON	M2P 2E9		5,000	5th floor	\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000	Leased Office Space	1986		security = 2 p 24/7

\$38,427,340

Signature: 

Date: 2/10/21

Embl
Aleal
GrowV
TOTAL

Location Address	City	Province	Postal Code	Landlord Information	SQ. FT	No. Storeys	Current Bldg. Replacement Value	Inventory	Crop	Tenant Improvements	Contents	Equipment, including security equipment and currently lab and oil/capsule	Business Income	Total Insured Value	Occupancy	Year Built
111 King Street East, 3rd Floor	Oshawa	ON			500		\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$5,000	Clinic	1971
368 11th St.	Courtenay	BC	V9H 8H5				\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$2,500	clinic (part-time area space license)	
642 Richmond Street	London	ON	N6A 3G6		1,100		\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$5,000	GrowWise only (part-time area space license) - use the space as a clinic 4-5 days/per month - do not rent or own building	1903
16011 Airport Road	Caledon East	ON	L7C 1E7				\$0	\$0	\$0	\$0	\$2,000	\$0	\$0	\$2,000	Occupancy updated as follows: use the space as a clinic 1-2 days/per month - does not rent nor own building Endt 1	
2050 Weston Road	North York	ON	M9N 1X4				\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$2,500	GrowWise only (part-time area space license)	

\$17,000

Signature: _____

Date: _____

21 FEB 21
21 JAN 21

BLOCKED ACCOUNTS AGREEMENT

THIS AGREEMENT dated May 19, 2022.

AMONG :

EMBLEM CANNABIS CORPORATION
as the “**Company**”

- and -

NE SPC II LP
as the “**Secured Party**”

- and -

THE TORONTO-DOMINION BANK
as the “**Bank**”

RECITALS

- A. The Company and the Secured Party, amongst others, are party to a Loan Agreement dated as of December 24, 2021 (as amended, supplemented, restated or otherwise modified from time to time, the “**Loan Agreement**”).
- B. As required by the Loan Agreement, the Company has granted security to the Secured Party and, pursuant to the Loan Agreement, the Secured Party requires the implementation of the cash management arrangements provided for in this Agreement.

FOR VALUE RECEIVED, the parties agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

In this Agreement:

- (a) “**Blocked Accounts**” has the meaning set forth in Section 2.1(b).
- (b) “**Branch of Account**” means the branch of the Bank located at:

55 King Street West
Toronto, ON M5K 1A2
- (c) “**Business Day**” means any day on which the Branch of Account is open for business to the public.
- (d) “**Chargebacks**” has the meaning set forth in Section 5.3.

- (e) “**Cheques**” means all cash, cheques, money orders, wire transfers, notes, drafts and other orders for payment of money or other remittances payable to the Company.
- (f) “**Claim**” has the meaning set forth in Section 6.1.
- (g) “**CPA Rules**” means the rules established from time to time by the Canadian Payments Association to govern the clearing and settlement of payment items within the national clearing and settlement system.
- (h) “**fees and expenses**” has the meaning set forth in Section 5.2.
- (i) “**Receivables**” means all of the Company's present and future accounts, accounts receivable, debts and book debts of any nature or type.

Section 1.2 Interpretation

In interpreting this Agreement, the headings and the division of the Articles and Sections are inserted for convenience only and are to be ignored in construing this Agreement; all references to Articles, Sections, subsections, clauses and Schedules are to Articles, Sections, subsections, clauses and Schedules of and to this Agreement; the words “hereto,” “herein,” “hereof,” “hereunder,” “this Agreement” and similar expressions mean this Agreement as a whole and not any particular Article, Section, subsection or Schedule unless expressly so stated; grammatical variations of any term defined herein shall have similar meanings and words importing the singular shall include the plural and vice versa; reference herein to any agreement or other document shall be deemed to include reference to such agreement or other document as the same may from time to time be amended, supplemented, restated or otherwise modified.

ARTICLE 2 ACKNOWLEDGEMENT OF SECURITY

Section 2.1 Acknowledgement of Security

The Company acknowledges that it has granted to, and has created in favour of, the Secured Party a first-priority, perfected security interest in:

- (a) its interest in all Cheques and other remittances received by the Company; and
- (b) the following Canadian Dollar depository accounts in the name of the Company:

<u>Account Name</u>	<u>Account Number / Branch</u>
EMBLEM CANNABIS CORPORATION	5631657/ 1020

(the “**Blocked Accounts**”), including all sums now on deposit therein or payable thereto and any interest accrued or payable on the credit balances therein.

ARTICLE 3 BLOCKED ACCOUNTS OPERATION

Section 3.1 Instructions

As of the date hereof, the Blocked Accounts shall be subject to instructions only from the Secured Party, which alone, as between the Company and the Secured Party, shall have all authority and right in connection with the Blocked Accounts. The Bank shall have the right to rely and act upon the instructions of any person who the Bank believes is a person that the Secured Party has identified in writing from time to time to the Bank as being a person authorized to give instructions regarding the Blocked Accounts to the Bank.

Section 3.2 Web Business Banking

The Company hereby irrevocably and unconditionally covenants and agrees to provide the Secured Party with access to its Web Business Banking with the Bank and directs the Bank to provide the Secured Party with such access and hereby further consents to the Secured Party initiating transactions to and from the Blocked Accounts and the Bank is hereby authorized and directed to assist the Secured Party in connection with same. The Company hereby further authorizes and directs the Bank to provide the Secured Party with electronic access to balance and transaction reporting of the Blocked Accounts and any other information concerning the Blocked Accounts the Secured Party may require, including the ability to print any such information. The Bank hereby further agrees to change the Company's access to the Blocked Accounts to "read-only" and the Company hereby consents to same. The Bank shall have no liability to the Company for any claims that may arise as a result of providing the Secured Party with such access. The transfers of amounts from the Blocked Accounts shall be effected in accordance with the Bank's usual banking practices provided however, that if such amounts are in any currency other than Canadian Dollars, such amounts will be converted at the then applicable exchange rate applied by the Bank into Canadian Dollars.

Section 3.3 Payment Not Realization

The Company and Secured Party acknowledge and agree that:

- (a) the actions and proceedings contemplated by this Article 3 are instrumental to the operation of the cash management system that is required by the Loan Agreement; and
- (b) any action or proceeding pursuant to this Article 3 shall not be considered as a realization on, or enforcement of, security or a demand for payment under the Loan Agreement but rather, among other things, a standing irrevocable direction by the Company and the Secured Party to the Bank to transfer on the direction of the Secured Party all credit balances in the Blocked Accounts and otherwise operate the Blocked Accounts as set forth in this Article 3.

Section 3.4 Wire Transfers

The Bank shall apply and credit to the applicable Blocked Account all wire transfers directed to that Blocked Account in accordance with the Bank's standard procedures.

**ARTICLE 4
RECORDS AND INFORMATION**

Section 4.1 Records

The Bank shall maintain a record of all money, Cheques and other remittance items deposited in and transfers to the Blocked Accounts in accordance with the Bank's standard procedures.

Section 4.2 Provision of Information

The Bank shall provide to the Company and, upon request by the Secured Party, the Company shall provide to the Secured Party, at the Company's expense, monthly statements summarizing the daily activity in each Blocked Account. The Bank shall also provide to the Secured Party, at the Company's expense, such other information compiled by the Bank with respect to the activity, on a daily, weekly or monthly basis, in or with respect to each Blocked Account as the Secured Party may reasonably request in writing from time to time. The Company hereby authorizes the Bank to release information as contemplated herein and waives any right to confidentiality in respect of any information released by the Bank to the Secured Party pursuant to this Section 4.2.

**ARTICLE 5
FEES, EXPENSES, CHARGEBACKS AND INDEMNITY**

Section 5.1 Waiver of Bank's Rights

Except as expressly provided in this Agreement, the Bank waives and agrees not to assert, claim or endeavour to exercise any right of deduction, set-off, pledge or other right to claim with respect to the Blocked Accounts, or the funds therein.

Section 5.2 Company's Fee Obligations

The Company hereby agrees that it is responsible for all normal and customary fees and expenses established by the Bank from time to time for the establishment and operation of this Agreement and the Blocked Accounts (all such amounts, the "**fees and expenses**"). If any of the fees and expenses are not paid by the Company when due, the Bank shall be entitled to automatically debit, by mechanical, electronic or manual means, any of the Blocked Accounts for such fees and expenses.

Section 5.3 Chargebacks

Notwithstanding Section 5.1, the Bank shall be entitled to automatically debit, by mechanical, electronic or manual means, any one or more of the Blocked Accounts at any time and from time to time solely for:

- (a) the amount of any Cheque deposited in a Blocked Account after the date hereof which is subsequently returned to the Bank for any reason whatsoever; and
- (b) the amount of any required adjustments due to clerical errors or calculation errors directly related to any Blocked Account

((a) and (b) collectively, "**Chargebacks**"),

and provided, the Bank has transferred funds on deposit in a Blocked Account at the direction of the Secured Party in respect of which the Bank is entitled to a Chargeback and the funds in the Blocked Accounts are insufficient to cover the amount of the relevant Chargeback, the Company shall pay the Bank the amount of the Chargeback not recoverable from the Blocked Accounts, within three (3) Business Days of demand by the Bank. If the Company fails to pay such amount within three (3) Business Days of demand by the Bank, the Secured Party shall promptly pay to the Bank the amount of the Chargeback not recoverable from the Blocked Accounts upon written notification from the Bank, provided (i) the Secured Party's aggregate reimbursement obligations under this Section 5.3 will be limited to the aggregate amount transferred from the Blocked Accounts at the direction of the Secured Party and (ii) the Bank has provided such written notice within ninety-five (95) days after the date attributable to such Chargebacks. The Company acknowledges and agrees that in the event the Company has not made payment on account of the Chargebacks and the Secured Party receives written notification from the Bank, the Secured Party may make payment on account of the Chargebacks to the Bank without notice to the Company.

Section 5.4 Indemnity

The Company and the Secured Party, jointly and severally, hereby agree to pay, indemnify and hold harmless the Bank from and against any and all loss, liability, cost, claim and expense incurred by it with respect to the performance of this Agreement by the Bank or any of the Bank's directors, officers or employees, unless arising from its or their own violation of law, gross negligence or wilful misconduct. The Company agrees to pay, indemnify and hold harmless the Secured Party from and against any and all loss, liability, cost, claim and expense incurred by it with respect to the performance of this Agreement by the Secured Party or any of the Secured Party's directors, officers or employees.

ARTICLE 6 GENERAL PROVISIONS

Section 6.1 Adverse Claims

In the event that the Bank shall receive a court order or other statutory legal claim against any of the Blocked Accounts or any sums on deposit therein, whether such claim shall have arisen by tax lien, execution of judgment, statutory attachment, garnishment, levy, claim of a trustee in bankruptcy, debtor-in-possession, court appointed receiver, or other judicial or regulatory order or process (each, a "**Claim**"), the Bank may, in addition to other remedies it possesses under this Agreement or at law or in equity: (a) suspend disbursements from the Blocked Accounts without any liability until the Bank shall have received an appropriate court order or other assurances reasonably acceptable to the Bank establishing that funds may continue to be disbursed according to instructions then applicable to the Blocked Accounts, and/or (b) interplead the funds in the Blocked Accounts in respect of the subject matter of any such Claim into court. The Bank's costs, expenses and reasonable legal fees incurred in connection with any such Claim shall be reimbursed to the Bank by the Company. Upon request, the Bank shall provide a copy of any such court order or other statutory legal claim to the Company and the Secured Party.

If a bankruptcy or insolvency proceeding were commenced by or against the Company, the Bank shall be entitled, without any liability, to refuse to (a) permit withdrawals or transfers from the Blocked Accounts or (b) accept or comply with the notice thereafter received by the Bank, until

the Bank shall have received an appropriate court order or other assurances reasonably acceptable to the Bank establishing that (i) continued withdrawals or transfers from the Blocked Accounts or honoring or following any instruction from the Secured Party are authorized and shall not violate any law, regulation, or order of any court and (ii) the Bank shall have received adequate protection for its right to set off against or charge the Blocked Accounts or otherwise be reimbursed for fees and expenses and Chargebacks.

Section 6.2 Power of Attorney

The Company constitutes and irrevocably appoints the Secured Party its true and lawful attorney, with full power of substitution, without limitation, to demand, collect, receive and sue for all amounts which may become due or payable in respect of any Blocked Account and execute all withdrawal receipts or other orders for the Company, in its own name or in the Company's name or otherwise, which the Secured Party deems necessary or appropriate to protect and preserve its right, title and interest in any Blocked Account and, otherwise, to carry out the provisions and purposes of this Agreement.

Section 6.3 Limitation of the Bank's Liability

The Bank undertakes to perform only such duties as are expressly set forth in this Agreement and to deal with the Blocked Accounts with the degree of skill and care that the Bank accords to all accounts and funds maintained and held by it on behalf of its customers. Notwithstanding any other provision of this Agreement, it is agreed by the parties hereto that the Bank shall not be liable for any action taken by it or any of its directors, officers or employees in accordance with this Agreement except for its or their own violation of law, gross negligence or wilful misconduct. In no event shall the Bank be liable for losses or delays resulting from computer malfunctions or interruption of communication facilities which are beyond the Bank's control or from other causes which are beyond the Bank's control or from force majeure or for indirect, special or consequential damages. With respect to any instructions given or requests made by the Secured Party in connection with this Agreement, in no event shall the Bank be liable for any failure to comply with or satisfy the same if compliance with or satisfaction of the same would have resulted in or may potentially result in the Bank contravening or failing to comply with any standard or customary banking practice in the industry or any of the Bank's usual banking practices, or any law, regulation, order, rule (including, without limitation, any of the CPA Rules), or other matter or thing whatsoever having the force of law. The Bank may be unable to reverse, unwind, retract, abandon or otherwise cancel any instructions or actions or processes undertaken in respect of instructions given to the Bank in accordance with this Agreement once such instructions have been given to the Bank. In such circumstances, the Company and the Secured Party both acknowledge and agree that the Bank shall have no liability to either of them for any inability or failure, or for any resulting damages suffered thereto, to comply with a request to cancel or revoke an instruction previously given to the Bank by either the Company or the Secured Party.

Section 6.4 Collection of Accounts

Notwithstanding anything in this Agreement to the contrary, the Company shall remain liable under each Receivable to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Receivable. None of the Secured Party or the Bank shall have any obligation or

liability under any Receivable (or any agreement giving rise thereto) by reason of or arising out of any of this Agreement or any other agreement or the receipt by the Secured Party or the Bank of any payment relating to such Receivable nor shall the Secured Party or the Bank be obligated in any manner to perform any of the obligations of the Company under or pursuant to any Receivable (or any agreement giving rise thereto), to make any payment (except as set out in the Loan Agreement), to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Receivable (or any agreement giving rise thereto) to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been hypothecated to it, or in which a security interest may have been created in its favour, or to which it may be entitled at any time or times.

Section 6.5 Termination

- (a) Unless terminated in accordance with the terms of this Section 6.5, this Agreement shall remain in full force and effect and be binding in accordance with and to the extent of its terms until the obligations of the Company to the Secured Party under the Loan Agreement have been paid and performed in full and the Secured Party has no further obligation to make any further advances to the Company under the Loan Agreement.
- (b) The Secured Party may terminate this Agreement at any time upon thirty (30) days' prior written notice to the Bank and the Company.
- (c) The Bank may terminate this Agreement upon providing fifteen (15) days' prior written notice to the Secured Party and the Company, provided that such termination shall not be effective until the earlier of (a) such time as the Secured Party provides written confirmation to the Bank that the Company and the Secured Party have entered into a blocked account agreement in substantially the form of this Agreement, or in such form as may be acceptable to the Secured Party and the Company, with a replacement bank satisfactory to the Company and the Secured Party, or (b) the end of such fifteen (15) day period. In the event of termination of this Agreement pursuant to this Section 6.5(c), the Bank shall close the Blocked Accounts concurrently with the termination of this Agreement, and the Company hereby irrevocably instructs the Bank to transfer all amounts in the Blocked Accounts to such persons and in such amounts as the Secured Party may direct, and this shall be the Bank's sole and sufficient authority for so doing.
- (d) The obligations set forth in Section 5.3, Section 5.4 and Section 6.5 shall survive termination of this Agreement.

Section 6.6 Notices

Except as otherwise provided herein, any notice to the Company, the Bank or the Secured Party under the provisions hereof shall be given by courier delivery or email transmission and if so given shall be deemed to have been received on the date given if given between 9:00 a.m. and 5:00 p.m. (local time at the Branch of Account) on a Business Day and otherwise on the first (1st) Business Day after giving such notice. Each party may from time to time notify each other party of a change of address or email address.

(a) Notices to the Company shall be addressed as follows:

Emblem Cannabis Corporation
85 Basaltic Rd.
Concord, ON L4K 1G4

Attention: Chief Legal Officer
Email address: legalnotices@aleafiahealth.com

(b) Notices to the Bank shall be addressed as follows:

The Toronto-Dominion Bank
66 Wellington St. West 14th Floor,
Toronto, Ontario M5K 1A2

Attention: Deborah Sinnatamby
Telephone: 416 982 6648
Email address: Deborah.Sinnatamby@td.com

(c) Notices to the Secured Party shall be addressed as follows:

NE SPC II LP
c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, ON M5C 2V6

Attention: Cheng Dang
Email address: finance@nextedgecapital.com,
cheng.dang@nextedgecapital.com,
nathan.bexrud@nextedgecapital.com

Section 6.7 Governing Law

This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein and the parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario in respect of all matters pertaining to this Agreement.

Section 6.8 Amendments

This Agreement may only be amended or modified by written instrument signed by the parties hereto.

Section 6.9 Severability

Any provision of this Agreement that is or becomes unenforceable shall be unenforceable to the extent of such unenforceability without invalidating the remaining provisions hereof. To the extent permitted by applicable law, each of the parties hereby waives any provision of law that renders any provision hereof unenforceable in any respect.

Section 6.10 Authorization

For the purposes of this Agreement, any attorney, officer, employee or agent of the Secured Party shall be authorized to act and to give instructions and notice on behalf of the Secured Party hereunder and any attorney, officer, manager or agent of the Bank shall be authorized to act and give instructions and notice on behalf of the Bank hereunder.

Section 6.11 Remedies Cumulative

The rights enumerated in this Agreement are in addition to and not in substitution for any other rights of the Secured Party pursuant to any security held by the Secured Party and except as otherwise contemplated in this Agreement, nothing in this Agreement is to be interpreted as restricting the rights of the Secured Party pursuant to any security held by the Secured Party.

Section 6.12 Further Assurances

The parties shall at all times do, execute, acknowledge and deliver such acts, deeds and agreements as may be reasonably necessary or desirable to give effect to the terms of this Agreement.

Section 6.13 No Fiduciary Obligations

Nothing in this Agreement shall constitute any party to this Agreement a fiduciary in relation to any other party to this Agreement.

Section 6.14 Successors and Assigns

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns; provided that this Agreement may not be assigned by any of the parties hereto without the prior written consent of the Bank.

Section 6.15 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

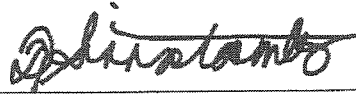
Section 6.16 Electronic Execution

Any party may deliver an executed signature page to this Agreement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Agreement by such party.


[SIGNATURE PAGE FOLLOWS]

The parties have executed this Agreement as of the date first written above.

THE TORONTO-DOMINION BANK


By: 
Name: Deborah Sinnatamby
Title: Manager, Cash Management

EMBLEM CANNABIS CORPORATION

By: 
Name: Matthew Sale
Title: Chief Financial Officer

NE SPC II LP, by its general partner,

**NEXT EDGE GENERAL PARTNER
(ONTARIO) INC.**

By: 
Name: David Scobie
Title: Director

This is Exhibit "NN" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

AMENDING AGREEMENT NO. 2

THIS AMENDING AGREEMENT NO. 2 (this “**Amending Agreement**”) is made as of August 26, 2022 between the parties to the Credit Agreement (as hereinafter defined).

WHEREAS:

A. Reference is made to the credit agreement dated as of August 20, 2021, as amended by an amending agreement dated December 24, 2021 made between Aleafia Health Inc. (the “**Borrower**”) and 1260356 Ontario Limited (the “**Lender**”) (collectively, the “**Credit Agreement**”).

B. The Borrower and the Lender wish to amend the Credit Agreement on the terms and conditions set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements contained in this Amending Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereto agree as follows:

Article 1 **INTERPRETATION**

1.1 **Second Amending Agreement.** This Amending Agreement amends the Credit Agreement. This Amending Agreement and the Credit Agreement shall be read, interpreted, construed and have effect as, and shall constitute, one agreement with the same effect as if the amendments made by this Amending Agreement had been contained in the Credit Agreement as of the date of this Amending Agreement.

1.2 **Defined Terms.** In this Amending Agreement, unless something in the subject matter or context is inconsistent:

- (a) terms defined in the description of the parties or in the recitals have the respective meanings given to them in the description or recitals, as applicable; and
- (b) all other capitalized terms have the respective meanings given to them in the Credit Agreement as amended by Article Two of this Amending Agreement (collectively, the “**Amended Credit Agreement**”).

1.3 **Headings.** The headings of the Articles and Sections of this Amending Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of this Amending Agreement.

1.4 **References.** All references to Articles, Sections, Exhibits and Schedules, unless otherwise specified, are to Articles, Sections, Exhibits and Schedules of the Credit Agreement.

Article 2 **AMENDMENTS**

2.1 The following definitions are hereby added to Section 1.1 of the Credit Agreement in the appropriate alphabetical order:

“**Offering**” means the private placement offering of 68,151,515 units of the Borrower at a price of \$0.0825 per unit, with each unit consisting of one common share in the capital of the Borrower and one-half of one common share purchase warrant, with each warrant exercisable into one common share at an exercise price of \$0.1025 for a period of four years from the Offering Closing

Date, all as more particularly described in the subscription agreements executed in connection with the Offering.

“**Debenture Subordination Agreement**” has the meaning set forth in Section 7.1(o).

“**Offering Closing Date**” means June 24, 2022.

“**Offering Guarantors**” means, collectively, Emblem Cannabis Corporation and Aleafia Farms Inc., Emblem Corp., Canabo Medical Corporation and Aleafia Inc., and “**Offering Guarantor**” means any one of them.

“**Offering Security Documents**” has the meaning set forth in Section 5.1(13).

“**Interest Prepayment**” has the meaning set forth in Section 2.5(5).

“**Interest Prepayment Period**” has the meaning set forth in Section 2.5(5).

2.2 The definition of “Loan Documents” in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Loan Documents**” means this Agreement, the Subordination Agreement, the Offering Security Documents, the Debenture Subordination Agreement and the Collateral Mortgages, together with any other document, instrument or agreement now or hereafter entered into in connection with this Agreement, as such documents, instruments or agreements may be amended, modified or supplemented from time to time.

2.3 The following shall be added as a new Section 2.5(5) of the Credit Agreement:

Interest Prepayment Period: The Borrower shall, within forty five (45) days of the Offering Closing Date, use a portion of the proceeds of the Offering to immediately pay to the Lender an amount equal to \$622,500 of interest under the Credit Agreement (the “**Interest Prepayment**”) in respect of the period beginning on June 24, 2022 and ending on June 24, 2023 (the “**Interest Prepayment Period**”). Notwithstanding anything else in this Credit Agreement, once the Borrower pays the Interest Prepayment to the Lender, no other interest shall be payable or accrue in respect of the Interest Prepayment Period.

2.4 Section 5.1 of the Credit Agreement is hereby amended by adding the following new subsections thereto:

(14) *Offering Security.* The Borrower shall and shall cause the Offering Guarantors to deliver to the Lender on or before the date that is forty-five (45) days of the Offering Closing Date (or such later date as the Lender may agree in writing):

- (a) a general security agreement to and in favour of the Lender under which, *inter alia*, the Borrower grants to and in favour of the Lender a security interest and charge over all of the property, assets and undertaking of the Borrower. Such general security agreement shall be in form and substance satisfactory to the Lender, acting reasonably, and be prepared based on similar security issued by the Borrower to or for the benefit of the Garrington Lender pursuant to the Garrington Loan Agreement;
- (b) an unlimited guarantee and general security agreement from each of the Offering Guarantors. Pursuant to such unlimited guarantees, each Offering Guarantor will guarantee the payment, performance and discharge in full of all debts, liabilities and obligations of or owing by the Borrower to the Lender, and pursuant to such

general security agreements, each Offering Guarantor shall, *inter alia*, grant to and in favour of the Lender a security interest and charge over all of the property, assets and undertaking of such entity. Such unlimited guarantees and general security agreements shall be in form and substance satisfactory to the Lender, acting reasonably, and be prepared based on similar security issued by the Garrington Credit Parties pursuant to the Garrington Loan Agreement; and

- (c) such corporate resolutions, certificates, legal opinions and such other related documents as shall be reasonably requested by the Lender and consistent with the relevant forms and types thereof delivered on the Closing Date or as shall be otherwise reasonably acceptable to the Lender,

(collectively, the “**Offering Security Documents**”).

(15) *Garrington Lender.* In the event that the Garrington Lender charges or receives, in any form, any fees, commissions, costs, expenses, premiums, compensation or other amounts, directly or indirectly, from the Borrower, arising out of, in connection with or as a result of any breach or default by the Borrower of any covenant, provision or term of, under or pursuant to any agreement or undertaking between the Borrower and Garrington Lender, the Borrower shall concurrently provide and make equivalent payment to the Lender of such fees, commissions, costs, expenses, premiums, compensation or other amounts; provided that such payment shall not exceed the principal amount and interest payable under the Loan then outstanding on such payment date. The Borrower shall promptly provide to the Lender the demand for payment of any such fees, commissions, costs, expenses, premiums, compensation or other amounts.

2.5 Section 7.1(d) of the Credit Agreement is hereby amended by adding references at the end of the sentence therein to “and 5.1(14) and 5.1(15)”.

2.6 Section 7.1(m) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

- (m) any Credit Party shall contest the enforceability or the validity of any of the Loan Documents or that it has any liability thereunder;

2.7 Section 7.1(n) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

- (n) a Change in Control shall occur; or

2.8 Section 7.1 of the Credit Agreement is hereby amended by adding the following new subsections thereto:

- (o) the Offering Guarantors, as holders of the unsecured convertible debentures of the Borrower governed by a debenture indenture dated June 27, 2019 between the Borrower and Computershare Trust Company of Canada, do not enter into a subordination, postponement and standstill and other agreements with the Lender (the “**Debenture Subordination Agreement**”) on or before the date that is forty-five (45) days of the Offering Closing Date (or such later date as the Lender may agree in writing), pursuant to which such holders, *inter alia*, agree that security from and with respect to the Borrower held by such holders is subordinated and postponed to the security from and with respect to the Borrower held by the lender, and such Debenture Subordination Agreement be in form and substance satisfactory to the Lender;

2.9 The language in the paragraph immediately following Section 7.1(o) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

then, (A) and in every such event (other than those described in (B)), and at any time thereafter during the continuance of such event or any other such event, the Lender may by notice to the Borrower, take either or both of the following actions, at the same or different times: (x) terminate the Commitment, and thereupon the Commitment shall terminate immediately, and (y) declare the Loan then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loan so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind except as set out earlier in this paragraph, all of which are hereby waived by the Borrower; and (B) in the case of any event with respect to the Borrower described in Section 7.1(f), (g), (h) or (o), the Commitment shall automatically terminate and the principal of the Loan then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

Article 3 **CONDITIONS**

3.1 **Conditions Precedent.** The amendments set out in Article 2 shall become effective if and only if there is receipt by the Lender of:

- (a) a counterpart of this Amending Agreement executed by the Lender and the Borrower;
- (b) a counterpart of the Confirmation appended to this Amending Agreement, executed by each Limited Recourse Guarantor;
- (c) a counterpart of the Debenture Subordination Agreement executed by each party thereto;
- (d) a counterpart of the Offering Security Documents executed by each party thereto;
- (e) a certification from the Borrower that:
 - (i) each of the representations and warranties made by the Borrower in the Credit Agreement (as amended by this Amending Agreement) are true and correct on and as of the date hereof except to the extent that any change to the representations and warranties has been disclosed to the Lender and accepted by the Lender; and
 - (ii) on and as of the date hereof, no Default has occurred and is continuing;
- (f) a legal opinion from the Borrower's counsel in respect of the Offering Security Documents; and
- (g) confirmation that the Lender shall have received, concurrently with the effectiveness of this Amending Agreement, the Interest Prepayment from the Borrower.

Article 4 **GENERAL**

4.1 **Expenses.** The Borrower shall pay all reasonable out-of-pocket expenses incurred by the Lender, including the reasonable fees, charges and disbursements of counsel and other professional advisors for the Lender and all applicable taxes, in connection with the preparation and administration of this Amending Agreement and the other Loan Documents.

4.2 **Confirmation.** Except as specifically stated herein, the Credit Agreement and the other Loan Documents shall continue in full force and effect in accordance with the provisions thereof.

4.3 **Interpretation.** All references to the “this Agreement” or the “Credit Agreement” and all similar references in any of the other Loan Documents shall hereafter include, mean and be a reference to the Amended Credit Agreement without any requirement to amend such Loan Documents. This Amending Agreement shall constitute a “Loan Document” under, and as defined in, the Credit Agreement.

4.4 **Binding Nature.** This Amending Agreement shall enure to the benefit of and be binding upon the Borrower and the Lender and their respective successors and permitted assigns.

4.5 **Severability.** Any provision of this Amending Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Amending Agreement, all without affecting the remaining provisions of this Amending Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

4.6 **Conflicts.** If, after the date of this Amending Agreement, any provision of this Amending Agreement is inconsistent with any provision of the Credit Agreement, the relevant provision of this Amending Agreement shall prevail.


4.7 **Governing Law.** This Amending Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

4.8 **Counterpart and Facsimile.** This Amending Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amending Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Amending Agreement.

[signatures on the following pages]

IN WITNESS WHEREOF the undersigned has caused this Amending Agreement to be duly executed as of the date set out on the first page.

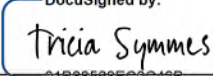
1260356 ONTARIO LIMITED

DocuSigned by:

By: _____
Name: Vic De Zen
Title: Authorized Signatory

By: _____
Name:
Title:

IN WITNESS WHEREOF the undersigned has caused this Amending Agreement to be duly executed as of the date set out on the first page.

ALEAFIA HEALTH INC.

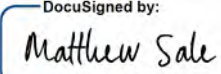
DocuSigned by:

By: _____
Name: Tricia Symmes
Title: Chief Executive Officer
Authorized Signing Officer

By: _____
Name: Mathew Sale
Title: Chief Financial Officer
Authorized Signing Officer

IN WITNESS WHEREOF the undersigned has caused this Amending Agreement to be duly executed as of the date set out on the first page.

ALEAFIA HEALTH INC.

By: _____
Name: Tricia Symmes
Title: Chief Executive Officer
Authorized Signing Officer

DocuSigned by:

By: _____
Name: Mathew Sale
Title: Chief Financial Officer
Authorized Signing Officer

CONFIRMATION

Each undersigned Limited Recourse Guarantor acknowledges and irrevocably consents to the terms of the Amending Agreement. Each undersigned Limited Recourse Guarantor further represents, warrants, and confirms to the Lender that:

- (a) the Limited Recourse Guarantee provided by such Limited Recourse Guarantee continues in full force and effect in accordance with its terms notwithstanding the Amending Agreement and the amendments to the Credit Agreement effected thereby;
- (b) the Collateral Mortgages and the Liens granted thereunder continue in full force and effect in accordance with their terms notwithstanding the Amending Agreement and the amendments to the Credit Agreement effected thereby; and
- (c) all references to the "this Agreement" or the "Credit Agreement" and all similar references in any of the other Loan Documents shall hereafter mean and be a reference to the Amended Credit Agreement without any requirement to amend such Loan Documents.

EMBLEM CANNABIS CORP.
ALEAFIA FARMS INC.

in each case by its authorized signatory

DocuSigned by:
By: Tricia Symmes
Name: Tricia Symmes
Title: President

By: _____
Name: Matthew Sale
Title: Authorized Signatory

CONFIRMATION

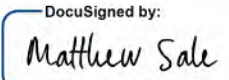
Each undersigned Limited Recourse Guarantor acknowledges and irrevocably consents to the terms of the Amending Agreement. Each undersigned Limited Recourse Guarantor further represents, warrants, and confirms to the Lender that:

- (a) the Limited Recourse Guarantee provided by such Limited Recourse Guarantee continues in full force and effect in accordance with its terms notwithstanding the Amending Agreement and the amendments to the Credit Agreement effected thereby;
- (b) the Collateral Mortgages and the Liens granted thereunder continue in full force and effect in accordance with their terms notwithstanding the Amending Agreement and the amendments to the Credit Agreement effected thereby; and
- (c) all references to the "this Agreement" or the "Credit Agreement" and all similar references in any of the other Loan Documents shall hereafter mean and be a reference to the Amended Credit Agreement without any requirement to amend such Loan Documents.

**EMBLEM CANNABIS CORP.
ALEAFIA FARMS INC.**

in each case by its authorized signatory

By: _____
Name: Tricia Symmes
Title: President

By:  _____
Name: Matthew Sale
Title: Authorized Signatory

AMENDING AGREEMENT NO. 1

THIS AMENDING AGREEMENT NO. 1 (this "**Amending Agreement**") is made as of December 24, 2021 between the parties to the Credit Agreement (as hereinafter defined).

WHEREAS:

- A. Reference is made to the credit agreement (the "**Credit Agreement**") dated as of August 20, 2021 made between Aleafia Health Inc. (the "**Borrower**") and 1260356 Ontario Limited (the "**Lender**").
- B. The Borrower and the Lender wish to amend the Credit Agreement on the terms and conditions set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements contained in this Amending Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereto agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 One Amending Agreement. This Amending Agreement amends the Credit Agreement. This Amending Agreement and the Credit Agreement shall be read, interpreted, construed and have effect as, and shall constitute, one agreement with the same effect as if the amendments made by this Amending Agreement had been contained in the Credit Agreement as of the date of this Amending Agreement.

1.2 Defined Terms. In this Amending Agreement, unless something in the subject matter or context is inconsistent:

- (a) terms defined in the description of the parties or in the recitals have the respective meanings given to them in the description or recitals, as applicable; and
- (b) all other capitalized terms have the respective meanings given to them in the Credit Agreement as amended by Article Two of this Amending Agreement (collectively, the "**Amended Credit Agreement**").

1.3 Headings. The headings of the Articles and Sections of this Amending Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of this Amending Agreement.

1.4 References. All references to Articles, Sections, Exhibits and Schedules, unless otherwise specified, are to Articles, Sections, Exhibits and Schedules of the Credit Agreement.

**ARTICLE 2
AMENDMENTS**

2.1 The following definitions are hereby added to Section 1.1 of the Credit Agreement in the appropriate alphabetical order:

"**Amendment Effective Date**" means December 24, 2021.

"**Garrington Credit Parties**" means, collectively, Aleafia Health Inc., Emblem Cannabis Corporation and Aleafia Farms Inc., as borrowers, and Emblem Corp., Canabo Medical Corporation and Aleafia Inc., as guarantors, and "**Garrington Credit Party**" means any one of them.

“Garrington Indebtedness” means secured indebtedness of the Garrington Credit Parties to the Garrington Lender arising pursuant to or in connection with the Garrington Loan Agreement.

“Garrington Lender” means NE SPC II LP and its successors and assigns.

“Garrington Loan Agreement” means the loan agreement dated as of December 24, 2021 among the Garrington Lender and the Garrington Credit Parties, as such agreement may be amended, restated or otherwise modified from time to time.

“Port Perry Collateral Mortgage” means the collateral mortgage from the Aleafia Limited Recourse Guarantor in favour of the Lender over the Port Perry Secured Property.

“Port Perry Secured Facility” or **“Port Perry Secured Property”** means the Aleafia Limited Recourse Guarantor’s outdoor facility located in Port Perry, Ontario.

“Subordination Agreement” means the subordination, postponement and standstill agreement dated as of December 24, 2021 among the Lender, the Garrington Credit Parties and the Garrington Lender.

2.2 The definition of “Aleafia Collateral Mortgage” in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“Aleafia Collateral Mortgage” means (i) the collateral mortgage from the Aleafia Limited Recourse Guarantor in favour of the Lender over the Aleafia Secured Property and (ii) the Port Perry Collateral Mortgage.

2.3 The definition of “Aleafia Secured Property” in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“Aleafia Secured Facility” or **“Aleafia Secured Property”** means the Aleafia Limited Recourse Guarantor’s indoor cultivation and post-cultivation operations facility located in Grimsby, Ontario.

2.4 The definition of “Emblem Secured Property” in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“Emblem Secured Facility” or **“Emblem Secured Property”** means the Emblem Limited Recourse Guarantor’s indoor cultivation, extraction, packaging and order fulfillment facility located in Paris, Ontario.

2.5 The definition of “Loan Documents” in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“Loan Documents” means this Agreement, the Subordination Agreement and the Collateral Mortgages, together with any other document, instrument or agreement now or hereafter entered into in connection with this Agreement, as such documents, instruments or agreements may be amended, modified or supplemented from time to time.

2.6 The definition of “Maturity Date” in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“Maturity Date” means December 24, 2023.

2.7 The definition of “Permitted Liens” in Section 1.1 of the Credit Agreement is hereby amended by deleting the “and” immediately prior to clause (v) and by adding the following at the end of clause (v):

and (vi) Liens granted by the Garrington Credit Parties in favour of the Garrington Lender over all of their respective real and personal property, including, for greater certainty, the Aleafia Secured Property and the Emblem Secured Property, but excluding the Port Perry Secured Property.

2.8 The definition of “Secured Facilities” in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Secured Facilities**” or “**Secured Properties**” means the Aleafia Secured Facility, the Emblem Secured Facility and the Port Perry Secured Facility, and “**Secured Facility**” or “**Secured Property**” means any one of them.

2.9 Section 2.3(1) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

Interest. The Loan shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 days or 366 days, as the case may be) at a rate per annum equal to (a) from the Closing Date until the Amendment Effective Date, 12% and (b) after the Amendment Effective Date, 12.45%. The Borrower shall pay to the Lender interest on the Loan from the Closing Date, both before and after maturity, default or judgement and until actual payment, with interest on overdue interest at the rate per annum set forth in this Section 2.3(1).

2.10 Section 2.3(2) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

Accrued Interest. Accrued interest on the Loan shall be calculated monthly in arrears on the last day of each month and payable on the last day of such month; provided that, for the six (6) month period following the Amendment Effective Date, interest on the Loan and such amount shall accrue and be added to the principal outstanding under the Loan. In addition, in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

2.11 Section 2.5(2) of the Credit Agreement is hereby amended by adding the following new sentence at the end of such section:

The Borrower shall prepay to the Lender on January 7, 2022 (or such other date as may be agreed by the Lender), \$5,000,000 on account of principal on the Loan plus accrued interest and fees to such date (such that the total amount payable on January 7, 2022 is **[Redacted - Competitively sensitive and prejudicial information]**), and this mandatory prepayment supersedes the mandatory prepayment set forth in clause (i) above with respect to the incurrence by the Borrower of the Garrington Indebtedness. On January 7, 2022 and following this repayment, the principal on the Loan together with accrued interest thereon is the aggregate amount of \$5,230,137.00, and the structuring fee remaining to be paid pursuant to Section 2.6 is the amount of **[Redacted - Competitively sensitive and prejudicial information]**.

2.12 The following new section is hereby added to the Credit Agreement as Section 2.8:

Subordination Agreement. The Lender acknowledges that the Aleafia Collateral Mortgage and the Emblem Collateral Mortgage have been subordinated and postponed by the Lender in favour of the Garrington Lender pursuant to the Subordination Agreement.

2.13 Section 3.1(9) of the Credit Agreement is hereby amended by adding the following new sentence at the end of such section:

The Aleafia Limited Recourse Guarantor has indefeasible fee simple title to, and good and marketable title to, the Port Perry Secured Facility.

2.14 Section 5.1 of the Credit Agreement is hereby amended by adding the following new subsections thereto:

(12) *Port Perry Collateral Mortgage.* The Borrower shall cause the Aleafia Limited Recourse Guarantor to deliver to the Lender, on or before the date that is 45 days following the Amendment Effective Date (or such later date as the Lender may agree in writing), each of the following documents:

- (a) the Port Perry Collateral Mortgage (such Port Perry Collateral Mortgage substantially in the form of the Collateral Mortgages delivered to the Lender over the other Secured Facilities), together with title insurance policies in form and substance satisfactory to the Lender as to the Port Perry Collateral Mortgage and, to the extent available, surveys and environmental reports with respect to the Port Perry Secured Facility; and
- (b) such corporate resolutions, certificates, legal opinions and such other related documents as shall be reasonably requested by the Lender and consistent with the relevant forms and types thereof delivered on the Closing Date or as shall be otherwise reasonably acceptable to the Lender.

(13) *Other Security.* The Borrower shall use its commercially reasonable efforts to deliver to the Lender, on or before the date that is 45 days following the Amendment Effective Date (or such later date as the Lender may agree in writing), such security and agreements required to grant to the Lender a first priority security interest and pledge in and to the equity interest in One Plant Retail Corp. held by Aleafia Retail Inc. or, if such security is not available to be pledged in favour of the Lender, such other security in respect of marketable securities held by any Affiliate of the Borrower which has not granted security in favour of the Lender (such marketable securities and the number thereof to be agreed by the Lender and the Borrower), in any case, together with such corporate resolutions, certificates, legal opinions and such other related documents as shall be reasonably requested by the Lender and consistent with the relevant forms and types thereof delivered on the Closing Date or as shall be otherwise reasonably acceptable to the Lender.

2.15 Section 7.1(d) of the Credit Agreement is hereby amended by deleting the reference therein to "Section 5.1(2)" and by replacing such reference with "Sections 5.1(12) or 5.1(13)".

ARTICLE 3 CONDITIONS

3.1 Conditions Precedent. The amendments set out in Article 2 shall become effective if and only if there is receipt by the Lender of:

- (a) a counterpart of this Amending Agreement executed by the Lender and the Borrower;
- (b) a counterpart of the Confirmation appended to this Amending Agreement, executed by each Limited Recourse Guarantor;
- (c) a counterpart of the Subordination Agreement executed by each party thereto;
- (d) evidence that the Borrower shall have repaid (or made satisfactory arrangements for the repayment of) on or before December 25, 2021 all amounts owing by the Borrower to the Lender under the promissory note dated as of December 13, 2021; and

- (e) confirmation that the Borrower shall have received, concurrently with the effectiveness of this Amending Agreement, a minimum of \$10,000,000 of Garrington Indebtedness.

**ARTICLE 4
GENERAL**

4.1 Confirmation of Representations. The Borrower represents and warrants that, as at the date of this Amending Agreement and assuming that the amendments made to the Credit Agreement by this Amending Agreement have become effective:

- (a) no Default has occurred and is continuing; and
- (b) each of the representations and warranties made by the Borrower in the Credit Agreement are true and correct as if made on the date hereof, other than those that are made with respect to a specific date and except to the extent that any change to the representations and warranties has been disclosed to the Lender and accepted by the Lender

4.2 Expenses. The Borrower shall pay all reasonable out-of-pocket expenses incurred by the Lender, including the reasonable fees, charges and disbursements of counsel and other professional advisors for the Lender and all applicable taxes, in connection with the preparation and administration of this Amending Agreement and the other Loan Documents.

4.3 Confirmation. Except as specifically stated herein, the Credit Agreement and the other Loan Documents shall continue in full force and effect in accordance with the provisions thereof.

4.4 Interpretation. All references to the “this Agreement” or the “Credit Agreement” and all similar references in any of the other Loan Documents shall hereafter include, mean and be a reference to the Amended Credit Agreement without any requirement to amend such Loan Documents. This Amending Agreement shall constitute a “Loan Document” under, and as defined in, the Credit Agreement.

4.5 Binding Nature. This Amending Agreement shall enure to the benefit of and be binding upon the Borrower and the Lender and their respective successors and permitted assigns.

4.6 Severability. Any provision of this Amending Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Amending Agreement, all without affecting the remaining provisions of this Amending Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

4.7 Conflicts. If, after the date of this Amending Agreement, any provision of this Amending Agreement is inconsistent with any provision of the Credit Agreement, the relevant provision of this Amending Agreement shall prevail.

4.8 Governing Law. This Amending Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

4.9 Counterpart and Facsimile. This Amending Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amending Agreement by telecopy, emailed

Execution Version

pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Amending Agreement.

[signatures on the following pages]

IN WITNESS WHEREOF the undersigned has caused this Amending Agreement to be duly executed as of the date set out on the first page.

1260356 ONTARIO LIMITED

By: [Redacted - Confidential Information]
Name: [Redacted - Confidential Information]
Title: [Redacted - Confidential Information]

By:
Name:
Title:

IN WITNESS WHEREOF the undersigned has caused this Amending Agreement to be duly executed as of the date set out on the first page.

ALEAFIA HEALTH INC.

Per: (signed) "Geoffrey Benic"
Name: Geoffrey Benic
Title: Chief Executive Officer

Per: (signed) "Matthew Sale"
Name: Matthew Sale
Title: Chief Financial Officer

We have authority to bind the corporation.

CONFIRMATION

Each undersigned Limited Recourse Guarantor acknowledges and irrevocably consents to the terms of the Amending Agreement. Each undersigned Limited Recourse Guarantor further represents, warrants, and confirms to the Lender that:

- (a) the Limited Recourse Guarantee provided by such Limited Recourse Guarantee continues in full force and effect in accordance with its terms notwithstanding the Amending Agreement and the amendments to the Credit Agreement effected thereby;
- (b) the Collateral Mortgages and the Liens granted thereunder continue in full force and effect in accordance with their terms notwithstanding the Amending Agreement and the amendments to the Credit Agreement effected thereby;
- (c) all references to the “this Agreement” or the “Credit Agreement” and all similar references in any of the other Loan Documents shall hereafter mean and be a reference to the Amended Credit Agreement without any requirement to amend such Loan Documents.

**EMBLEM CANNABIS CORPORATION
ALEAFIA FARMS INC.**

in each case by its authorized signatory

Per: (signed) "Geoffrey Benic"

Name: Geoffrey Benic
Title: President

Per: (signed) "Matthew Sale"

Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

CREDIT AGREEMENT

THIS CREDIT AGREEMENT dated as of August 20, 2021 is made between Aleafia Health Inc., as Borrower, and 1260356 Ontario Limited, as Lender.

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each party hereto, the parties hereto agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 Definitions.

In this Agreement:

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with, such Person.

"Agreement" means this credit agreement and all the Exhibits and the Schedules attached hereto.

"Aleafia Collateral Mortgage" means the collateral mortgage from the Aleafia Limited Recourse Guarantor in favour of the Lender over the Aleafia Secured Property.

"Aleafia Limited Recourse Guarantee" means the limited recourse guarantee from the Aleafia Limited Recourse Guarantor in favour of the Lender with respect to Obligations of the Borrower; provided that, the only remedy that the Lender shall have against the Aleafia Limited Recourse Guarantor in the event of non-payment by the Aleafia Limited Recourse Guarantor of its obligations under such guarantee is to realize upon the collateral charged under the Aleafia Collateral Mortgage. For greater certainty, the Lender shall in no circumstance have any right of payment from the Aleafia Limited Recourse Guarantor under the Aleafia Limited Recourse Guarantee independent of the foregoing.

"Aleafia Limited Recourse Guarantor" means Aleafia Farms Inc., an Ontario corporation.

"Aleafia Secured Property" means the Aleafia Limited Recourse Guarantor's indoor cultivation and post-cultivation operations facility located in Grimsby, Ontario.

"Authorization" means, with respect to any Person, any authorization, order, permit, approval, grant, licence, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree, by-law, rule or regulation of any Governmental Authority having jurisdiction over such Person, whether or not having the force of Law.

"BIA" means the *Bankruptcy and Insolvency Act* (Canada).

"Borrower" means Aleafia Health Inc., an Ontario corporation.

"Borrowing Request" means the Borrowing Request substantially in the form of Exhibit A hereto.

"Business" (a) means the business of the Borrower and the Subsidiaries as a vertically integrated and federally licensed Canadian cannabis company involved in the cultivation, production, processing, extraction, selling, shipping, transporting and delivering cannabis and cannabis derived products for medical and adult-use, the offering, advertising and marketing of cannabis health and wellness services and products in Canada and in international markets, the

operation of medical cannabis clinics, cannabis education centres, cannabis research and development, participation in joint ventures, retail distribution and cannabis storage services and (b) any business that is the same, similar or otherwise reasonably related, ancillary or complementary thereto.

"Business Day" means any day that is not a Saturday, Sunday or holiday (as defined in the *Interpretation Act* (Canada)) in Toronto, Ontario.

"Change in Control" means the ownership, directly or indirectly, beneficially or of record, by any Person or group of Persons acting jointly or otherwise in concert of Equity Securities representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding Equity Securities of the Borrower.

"Closing Date" means August 20, 2021, being the date on which this Agreement is executed and delivered by the parties hereto.

"Collateral" means the property described in and subject to the Liens and security interests purported to be created by any Collateral Mortgage.

"Collateral Mortgages" means the Aleafia Collateral Mortgage and the Emblem Collateral Mortgage, and **"Collateral Mortgage"** means any one of them.

"Commitment" has the meaning set forth in Section 2.1.

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

"Credit Parties" means the Borrower and the Limited Recourse Guarantors, and **"Credit Party"** means any one of them.

"Default" means any event or condition that constitutes an Event of Default or that, upon notice, lapse of time or both, would, unless cured or waived, become an Event of Default.

"Dollars" and **"\$"** refer to lawful money of Canada.

"Emblem Collateral Mortgage" means the collateral mortgage from the Emblem Limited Recourse Guarantor in favour of the Lender over the Emblem Secured Property.

"Emblem Limited Recourse Guarantee" means the limited recourse guarantee from the Emblem Limited Recourse Guarantor in favour of the Lender with respect to the Obligations of the Borrower; provided that, the only remedy that the Lender shall have against the Emblem Limited Recourse Guarantor in the event of non-payment by the Emblem Limited Recourse Guarantor of its obligations under such guarantee is to realize upon the collateral charged under the Emblem Collateral Mortgage. For greater certainty, the Lender shall in no circumstance have any right of payment from the Emblem Limited Recourse Guarantor under the Emblem Limited Recourse Guarantee independent of the foregoing.

"Emblem Limited Recourse Guarantor" means Emblem Cannabis Corporation, a Canadian federal corporation.

"Emblem Secured Property" means the Emblem Limited Recourse Guarantor's indoor cultivation, extraction, packaging and order fulfillment facility located in Paris, Ontario.

“Environmental Laws” means all applicable Laws relating to the environment or environmental issues (including air, surface, water and stratospheric matters), pollution or protection of human health and safety, including without limitation relating to the release, threatened release, manufacture, processing, blending, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

“Equity Securities” means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting and non-voting) of, such Person’s capital, whether outstanding on the date hereof or issued after the date hereof, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust but excluding any debt securities convertible into any of the foregoing.

“Events of Default” has the meaning set out in Section 7.1.

“Financial Statements” means, collectively, the (i) audited annual consolidated financial statements of the Borrower as at and for the financial year ended December 31, 2020 (which financial statements include comparative financial information for the 2019 financial year), together with the notes thereto and the auditors’ report thereon of Manning Elliott LLP; and (ii) the unaudited interim condensed consolidated financial statements of the Borrower as at and for the fiscal quarters ended March 31, 2021 and June 30, 2021 (which financial statements include comparative financial information for the comparable periods in 2020), and including the notes thereto.

“Governmental Authority” means the Government of Canada, any other nation or any political subdivision thereof, whether provincial, state, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank, fiscal or monetary authority or other authority regulating financial institutions, and any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Hazardous Materials” means chemicals, fluids, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products that are listed, regulated or addressed under any Environmental Laws.

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board, which were adopted by the Canadian Accounting Standards Board as Canadian generally accepted accounting principles applicable to publicly accountable enterprises.

“Indemnitee” has the meaning specified in Section 8.3(2).

“Intellectual Property” means all of the following which is currently owned by, issued to or licensed to any Credit Party, or other rights of any Credit Party to use the following, which are in any case material to the conduct of the business of such Credit Party as currently conducted: (i) patent rights, issued patents, patent applications, patent disclosures, and registrations, inventions, discoveries, developments, concepts, ideas, improvements, processes and methods, whether or not such inventions, discoveries, developments, concepts, ideas, improvements, processes, or methods are patentable or registrable, anywhere in the world, (ii) copyrights (including performance rights) to any original works of art or authorship, including source code and graphics, which are fixed in any medium of expression, including copyright registrations and applications therefor, anywhere in the world, whether or not registered or registrable, (iii) any and all common law or registered trade-mark rights, trade names, business names, trade-marks, proposed trade-marks, certification marks, service marks, distinguishing marks and guises, logos, slogans, goodwill, domain names and any registrations and applications therefor, anywhere in the world, whether or not registered or registrable, (iv) know-how, show-how, confidential information, trade secrets, (v) any and all industrial design rights, industrial designs, design patents, industrial

design or design patent registrations and applications therefor, anywhere in the world, whether or not registered or registrable, (vi) any and all integrated circuit topography rights, integrated circuit topographies and integrated circuit topography applications, anywhere in the world, whether or not registered or registrable, (vii) any reissues, divisions, continuations, continuations-in-part, renewals, improvements, translations, derivatives, modifications and extensions of any of the foregoing, (viii) any other industrial, proprietary or intellectual property rights, anywhere in the world, and (ix) proprietary computer software (including but not limited to data, databases and documentation); including any of the foregoing respecting the cultivation of cannabis and the design, construction and operation of cultivation facilities.

"Laws" means all federal, provincial, municipal, foreign and international statutes, acts, codes, ordinances, decrees, treaties, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards or any provisions of the foregoing, including general principles of common and civil law and equity, and all policies, practices and guidelines of any Governmental Authority binding on or affecting the Person referred to in the context in which such word is used (including, in the case of tax matters, any accepted practice or application or official interpretation of any relevant taxation authority); and **"Law"** means any one or more of the foregoing.

"Lender" means 1260356 Ontario Limited.

"Lien" means any charge, mortgage, lien, pledge, claim, restriction, security interest or other encumbrance whether created or arising by agreement, statute or otherwise pursuant to any applicable Laws, attaching to property, interests or rights.

"Limited Recourse Guarantees" means the Aleafia Limited Recourse Guarantee and the Emblem Limited Recourse Guarantee.

"Limited Recourse Guarantors" means the Aleafia Limited Recourse Guarantor and the Emblem Limited Recourse Guarantor, and **"Limited Recourse Guarantor"** means any one of them.

"Loan" means the loan to be made by the Lender to the Borrower pursuant to this Agreement.

"Loan Documents" means this Agreement and the Collateral Mortgages, together with any other document, instrument or agreement now or hereafter entered into in connection with this Agreement, as such documents, instruments or agreements may be amended, modified or supplemented from time to time.

"Loss" means, with respect to any Limited Recourse Guarantor, the destruction or other loss of all or any portion of its Secured Property.

"Material Adverse Change" means any event, development or circumstance that has had or would have a Material Adverse Effect.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations or condition, financial or otherwise, of the Credit Parties taken as a whole, or (b) the ability of any of the Credit Parties to perform and comply with its obligations under any of the Loan Documents, or (c) the legality, validity or enforceability of any of the Loan Documents, the effectiveness, perfection or priority of the Liens created thereby or the rights and remedies of the Lender under any of the Loan Documents.

"Material Contract" means any contract, licence or agreement (i) to which any Credit Party is a party or bound, (ii) which is material to, or necessary in, the operation of the business of any Credit Party, (iii) which any Credit Party cannot promptly replace by an alternative and

comparable contract with comparable commercial terms and (iv) the absence of which would have a Material Adverse Effect.

“Material Indebtedness” means all obligations of any Credit Party for borrowed money represented by notes, bonds, debentures or similar evidences of indebtedness (other than the Loan) in an aggregate principal amount greater than \$10,000,000.

“Maturity Date” means the one-year anniversary of the Closing Date (or, if such one-year anniversary is not a Business Day, the next Business Day thereafter).

“Obligations” means all present and future indebtedness, liabilities and obligations of any and every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, mature or unmatured) of the Credit Parties to the Lender under, in connection with or with respect to the Loan Documents, and any unpaid balance thereof. Obligations does not include obligations under any warrants issued to the Lender.

“Permitted Liens” means: (i) any validly perfected security interest given by the Borrower in respect of any indebtedness; (ii) any other security given by the Borrower in connection with the operation of the Business; (iii) liens against any Credit Party or its assets for taxes, assessments or governmental charges or levies not due and delinquent; (iv) undetermined or inchoate liens and charges incidental to the current operations of any Credit Party which have not been filed pursuant to law or which relate to obligations not due or delinquent; and (v) those otherwise disclosed in any title insurance policy to be issued with respect to the applicable Secured Facility and agreed to by the Lender, acting reasonably.

“Person” includes any natural person, corporation, company, limited liability company, trust, joint venture, association, incorporated organization, partnership, Governmental Authority or other entity.

“Related Parties” means, with respect to any Person, the directors, officers, employees, agents and advisors of such Person.

“Release” has the meaning set forth in Section 3.1(10).

“Responsible Officer” means, with respect to any Person, the chairman, the president, any vice president, the chief executive officer or the chief operating officer, and, in respect of financial or accounting matters, any chief financial officer, principal accounting officer, treasurer or controller of such Person.

“Restricted Payment” means, with respect to any Person, any payment by such Person (whether in cash or in kind, and whether by way of actual payment, set-off, counterclaim or otherwise) on account of the purchase, redemption, retirement or other acquisition of any of its Equity Securities or any warrants, options or similar rights with respect to its Equity Securities.

“Secured Facilities” means the Aleafia Secured Facility and the Emblem Secured Facility, and **“Secured Facility”** means any one of them.

“subsidiary” means, with respect to any Person (the **“parent”**) at any date, any other Person (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Subsidiary” means any subsidiary of the Borrower.

"Taxes" means all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto.

"Termination Date" means the payment or repayment in full in immediately available funds of all outstanding Obligations.

"TSX" means the Toronto Stock Exchange.

"Transactions" means the execution, delivery and performance by the Credit Parties of the Loan Documents, the borrowing of the Loan and the use of the proceeds thereof.

"Warrant Certificate" means the certificates evidencing the Warrants to be delivered by the Borrower to the Lender on the Closing Date in accordance with Section 4.1(7) hereof, in the form of Exhibit B attached hereto .

"Warrants" means the 1,000,000 common share purchase warrants of the Borrower, each exercisable to purchase one common share in the capital of the Borrower, subject to the vesting, expiry and adjustment rights thereof, to be issued to the Lender in consideration of the Lender entering into this Agreement and the Loan being extended to the Borrower hereunder.

1.2 Terms Generally.

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "or" is disjunctive; the word "and" is conjunctive. The words "to the knowledge of" means, when modifying a representation, warranty or other statement of any Person, that the fact or situation described therein is known by the Person (or, in the case of a Person other than a natural Person, known by the Responsible Officer of such Person) making the representation, warranty or other statement, or with the exercise of reasonable due diligence under the circumstances (in accordance with the standard of what a reasonable Person in similar circumstances would have done) would have been known by the Person (or, in the case of a Person other than a natural Person, would have been known by such Responsible Officer of such Person). Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or replaced (subject to any restrictions on such modifications set out herein), (b) any reference herein to any law, rule or regulation or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such law, rule or regulation or section as amended, restated or re-enacted from time to time, (c) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

1.3 Time.

All time references herein shall, unless otherwise specified, be references to local time in Toronto, Ontario. Time is of the essence of this Agreement and the other Loan Documents.

ARTICLE 2 THE CREDIT

2.1 Commitment. Subject to the terms and conditions set forth herein, the Lender commits to make the Loan to the Borrower by way of a single advance on the Closing Date (such commitment being a "**Commitment**") in an aggregate principal amount of \$10,000,000.

2.2 Funding of Loan.

The Lender shall make the Loan to be made by it hereunder by crediting, by 12:00 noon, Toronto time, on the Closing Date, the funds to the account of the Borrower specified in the Borrowing Request.

2.3 Interest.

(1) *Interest.* The Loan shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 days or 366 days, as the case may be) at a rate per annum equal to 12%.

(2) *Accrued Interest.* Accrued interest on the Loan shall be payable in arrears on the Maturity Date. For greater certainty, interest shall not be compounded. In addition, in the event of any repayment or prepayment of the Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

(3) *Days Interest Payable.* All interest hereunder shall be payable for the actual number of days elapsed (including the first day but excluding the last day). If the Loan is repaid on the same day on which it is made, it shall bear interest for one day.

(4) *Yearly Rate of Interest.* For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or any fee to be paid hereunder or in connection herewith is to be calculated on the basis of a 365-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 365. The rates of interest under this Agreement are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement.

(5) *Criminal Interest.* If any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable to the Lender in an amount or calculated at a rate which would be prohibited by applicable Law or would result in a receipt by the Lender of "interest" at a "criminal rate" (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Law or so result in a receipt by the Lender of "interest" at a "criminal rate", such adjustment to be effected, to the extent necessary (but only to the extent necessary), as follows:

- (a) first, by reducing the amount or rate of interest required to be paid to the Lender under Section 2.3; and
- (b) thereafter, by reducing any fees, commissions, costs, expenses, premiums and other amounts required to be paid to the Lender which would constitute interest for purposes of section 347 of the *Criminal Code* (Canada).

2.4 Repayment of Loan. The Borrower hereby unconditionally promises to pay to the Lender the outstanding principal amount of the Loan on the Maturity Date.

2.5 Prepayments.

(1) In the event of a Loss by any Credit Party covered by insurance, the Borrower shall, within ten Business Days of receipt by such Credit Party of net proceeds of any insurance policies in connection with such Loss, prepay to the Lender an aggregate principal amount of the Loan, equal to the amount of net proceeds received by such Credit Party; provided that, this prepayment requirement shall not apply if the applicable insurance policy does not permit the proceeds of such policy to be used to repay a lender.

(2) The Borrower shall, within ten Business Days of receipt by the Borrower of net proceeds from the (i) incurrence by the Borrower after the Closing Date of any obligations for borrowed money represented by notes, bonds, debentures or similar evidences of indebtedness of \$10,000,000 or greater or (ii) the issuance of any Equity Securities by the Borrower after the Closing Date of \$10,000,000 or greater, prepay to the Lender an aggregate principal amount of the Loan, equal to 20% of the net cash proceeds of any such obligations for borrowed money or issuance; provided that this prepayment requirement shall not apply to (i) any exchangeable, exercisable or convertible Equity Securities of the Borrower outstanding on the Closing Date or (ii) any grant of stock options pursuant to the Borrower's stock option plan.

(3) *Voluntary Prepayments.* The Borrower may, at its option, at any time and from time to time, prepay the Loan, in whole or in part, and in any amount. No such prepayment of the Loan may be reborrowed.

(4) *Voluntary Prepayment Fee.* If the Loan, or any part thereof, is voluntarily prepaid by the Borrower pursuant to Section 2.5(3), the Borrower shall pay, on the date of such prepayment, a prepayment fee to the Lender in an amount equal to (a) 102% of the principal amount of the Loan being so prepaid, if such prepayment occurs prior to the date that is three months following the Closing Date, (b) 101.5% of the principal amount of the Loan being so prepaid, if such prepayment occurs on or after the date that is three months following the Closing Date but prior to the date that is six months following the Closing Date, and (c) 101% of the principal amount of the Loan being so prepaid, if such prepayment occurs on or after the date that is six months following the Closing Date but prior to the date that is nine months following the Closing Date. For great certainty, no prepayment fee shall be payable by the Borrower if the Loan, or any part thereof, is prepaid (i) on or after the date that is nine months following the Closing Date, (ii) as a result of any mandatory prepayment made pursuant to Section 2.5(1) or 2.5(2) or (iii) following acceleration by the Lender.

2.6 Structuring Fee. The Borrower shall pay a structuring fee to the Lender equal to **[Redacted – Competitively Sensitive and Prejudicial Information]**, which fee shall be earned on the Closing Date and payable on the Maturity Date. For greater certainty, no interest shall accrue on the structuring fee.

2.7 Evidence of Debt. The Lender shall maintain an account evidencing the indebtedness of the Borrower to the Lender hereunder, including the amounts of principal and interest payable and paid to the

Lender from time to time hereunder. The entries made in such account shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations recorded therein.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Borrower.

The Borrower represents and warrants to the Lender that each statement set forth in this Article 3 is true and correct on the date hereof:

(1) *Organization; Existence, Qualification and Power.* Each Credit Party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business and, except where the failure to do so, individually or in the aggregate, would not result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

(2) *Compliance with Laws and Regulatory Matters.* Each Credit Party is in material compliance with all Laws applicable to it or its property except where the failure to do so, individually or in the aggregate, would not result in a Material Adverse Effect. No Credit Party has violated or failed to obtain any material Authorization necessary for the ownership of any of its property or assets or the conduct of its business, which violation or failure would have (in the event that such a violation or failure were asserted by any Person through appropriate action) a Material Adverse Effect.

(3) *Authorization; Enforceability.* The Transactions are within each Credit Party's corporate powers and have been duly authorized by all necessary corporate and shareholder action, as applicable. This Agreement and the other Loan Documents have been duly executed and delivered by each Credit Party (as applicable) and constitute legal, valid and binding obligations of each Credit Party (as applicable), enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(4) *Governmental Approvals; No Conflicts.* The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority or under any Material Contract (the failure to obtain which would result in a breach or default under any Material Contract), (b) will not violate (i) any applicable Law, (ii) the constating documents or by-laws of any Credit Party or any unanimous shareholders' agreement relating to any of them, (iii) any order of any Governmental Authority, (iv) any judgment or order, writ, injunction or decree of any court, (v) any resolution of the shareholders, directors or any committee of directors of any Credit Party, (vi) the provisions of any Material Contract, and (c) will not result in the creation or imposition of, or the requirement to create, any Lien on any asset of any Credit Party, except for any Lien arising in favour of the Lender under the Loan Documents or Permitted Liens.

(5) *Financial Statements and Projections.*

(a) The Financial Statements contain no material misrepresentations and have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fully, fairly and correctly, in all material respects, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise) of the Borrower and the Subsidiaries (as applicable) as at such dates and the results of operations of the Borrower and the Subsidiaries (as applicable) for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Borrower and the Subsidiaries (as applicable) and there has been no change in accounting policies or practices of the

Borrower since June 30, 2021 except as disclosed in the applicable Financial Statements.

- (b) The projections, forecasts, and budgets provided by or on behalf of the Borrower to the Lender have been prepared in good faith and are based on reasonable assumptions, and there are no statements or conclusions in such projections, forecasts or budgets which are based upon or include information known to the Borrower to be misleading in any material respect or which fail to take into account material information known to the Borrower regarding the matters reported therein. The Borrower believes that the forecasts and budgets provided by or on behalf of the Borrower to the Lender are reasonable and attainable, it being recognized that projections as to future events are not to be viewed as facts and that the actual results during the period or periods covered by such forecasts and budgets may differ from the projected results included in such forecasts and budgets and such differences may be material.

(6) *No Material Adverse Change.* Since June 30, 2021, there has been no Material Adverse Change.

(7) *Litigation.* Except as disclosed in Schedule 3.1(7), there are no legal or governmental actions, suits, judgments, investigations, charges or proceedings currently outstanding or to the knowledge of the Borrower, threatened or pending (at law or in equity) to which any Credit Party is a party or to which any Credit Party's assets or properties are subject, before or by any Governmental Authority which if finally determined adversely to such Credit Party would be expected to result in a Material Adverse Effect, and no Credit Party is subject to any judgment, order, writ, injunction, decree or award of any Governmental Authority that would be expected to result in a Material Adverse Effect.

(8) *Labour Matters.* No material labour dispute with current and former employees of any Credit Party exists that would have a Material Adverse Effect, or, to the knowledge of the Borrower, is threatened or imminent and the Borrower is not aware of any existing, threatened or imminent labour disturbance, slowdown, stoppage, complaint or grievance by any Credit Party's employees or the employees of any of the principal suppliers, manufacturers or contractors of any Credit Party that would have a Material Adverse Effect

(9) *Ownership to Secured Facilities.* The Aleafia Limited Recourse Guarantor has indefeasible fee simple title to, and good and marketable title to, the Aleafia Secured Facility, and the Emblem Limited Recourse Guarantor has indefeasible fee simple title to, and good and marketable title to the Emblem Secured Facility. Each of the Secured Facilities is free of any Lien except Permitted Liens.

(10) *Environmental Matters.* (i) Each Credit Party, its respective Secured Facilities and the operation of its Business, have been conducted and are being conducted, in compliance in all material respects with all Environmental Laws and there are no threatened, or, to the knowledge of the Borrower, any pending actions, suits, demands, claims, liens, notices of non-compliance or violation, investigation or proceedings by any Governmental Authority relating to any Environmental Laws; (ii) no Credit Party is in violation of any regulation relating to the release, emission, deposit, issuance, discharge, transportation or disposal (each being a "**Release**") or threatened Release of Hazardous Materials, which violation could reasonably be expected to cause a Material Adverse Effect; (iii) each Credit Party has complied in all material respects with all reporting and monitoring requirements under all Environmental Laws; (iv) no Credit Party has ever received any notice of any material non-compliance in respect of any Environmental Laws; (v) to the knowledge of the Borrower, there are no events or circumstances relating to Hazardous Materials or any Environmental Laws that might reasonably be expected to form the basis of an order for clean up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting any Credit Party, which could reasonably be expected to have a Material Adverse Effect relating to Hazardous Materials or any Environmental Laws; and (vi) there are no environmental permits (or like authorizations) necessary to conduct the Business.

(11) *Taxes.* Each Credit Party has filed or caused to be filed when due all Tax returns and reports required to have been filed and has paid or caused to be paid when due all Taxes required to have been paid by it (including all instalments with respect to the current period) and has made adequate provision for Taxes for the current period, except Taxes that are being contested in good faith by appropriate proceedings and for which such Credit Party, as applicable, has set aside on its books adequate reserves.

(12) *Employee Benefits; Pension Plans.* There is no agreement, plan or practice relating to the payment of any management, consulting, service or other fee or any bonus, pensions, share of profits or retirement allowance, insurance, health or other employee benefit other than in the ordinary course of business.

(13) *No Default.* No Default has occurred and is continuing.

(14) *Insurance.* Each Credit Party maintains insurance by insurers of recognized financial responsibility against loss of, or damage to, its Secured Facility by all insurable risks on a replacement cost basis in accordance with industry standards, on a basis consistent with reasonably prudent persons in comparable business, in compliance with any requirements contained in any Material Contract and such insurance coverage is in good standing in all material respects and not in default except in each case as could not reasonably be expected to have a Material Adverse Effect. Each Credit Party is in compliance with the terms of all insurance policies and instruments in all material respects and there are no material claims by any Credit Party under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; each Credit Party has no reason to believe that they will not be able to renew such existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers at a cost that would have a Material Adverse Effect, and no Credit Party has failed to promptly give any notice of any material claim thereunder.

(15) *Subsidiaries.* As of the Closing Date, Schedule 3.1(15) correctly sets forth:

- (a) the legal name of each Credit Party and its form of legal entity and jurisdiction of organization; and
- (b) a corporate organizational chart of the Borrower and its subsidiaries.

(16) *Solvency.* No Credit Party is an "insolvent person" within the meaning of the BIA.

(17) *Intellectual Property.* The Borrower owns or has the right to use all of the material Intellectual Property owned or used by the Business as of the Closing Date. All registrations, if any, applications, and filings that the Borrower has considered necessary to preserve the rights of the Borrower in such material Intellectual Property have been made and are in good standing. The Borrower has no pending action or proceeding, nor any threatened action or proceeding, against any person with respect to the use of the material Intellectual Property, except as disclosed to the Lender, and there are no circumstances known to the Borrower which would cast doubt on the validity or enforceability of the Intellectual Property owned or used by the Borrower. The conduct of the Business does not, to the knowledge of the Borrower, infringe upon the intellectual property rights of any other person. The Borrower has no pending action or proceeding, nor, to the knowledge of the Borrower, is there any threatened action or proceeding against it with respect to the Borrower's use of the material Intellectual Property. To the extent any Intellectual Property has been created in whole or in part by current or past employees, consultants or independent contractors of any Credit Party, no such person has asserted any claim in respect of any moral rights in such person's contribution to such Intellectual Property or any component thereof. Each Credit Party has implemented and maintained commercially reasonable measures to protect and maintain the confidentiality of all trade secrets and other confidential proprietary information forming part of or in relation to the Intellectual Property owned or licensed by any Credit Party.

(18) *Security.* Upon the execution and delivery thereof, the Collateral Mortgages will be effective to create in favour of the Lender legal, valid and enforceable Liens on, and security interests in, the Collateral, and (i) when filings in applicable land registry offices or other public offices in appropriate form are filed in the applicable jurisdictions, the Liens created by the Collateral Mortgages shall constitute valid perfected first ranking Liens, subject only to Permitted Liens, on, and security interests in, all right, title and interest of the grantors thereunder.

ARTICLE 4 CONDITIONS

4.1 Effective Date.

The obligations of the Lender to make the Loan hereunder shall not become effective unless each of the conditions listed below is satisfied (or waived pursuant to Section 8.2) at or prior to 5:00 p.m. on August 20, 2021, and, in the event such conditions are not so satisfied or waived by such time, the Commitment shall terminate at such time.

(1) *Credit Agreement.* The Lender shall have received from each party hereto a counterpart of this Agreement signed on behalf of each party hereto.

(2) *Legal Opinion.* The Lender shall have received a favourable written opinion of Blake, Cassels & Graydon LLP, counsel to the Borrower, covering such matters relating to the Borrower, this Agreement or the Transactions as the Lender shall reasonably request.

(3) *Corporate Certificates.* The Lender shall have received:

(a) certified copies of the resolutions of the board of directors of the Borrower approving the Loan and this Agreement, and all other documents, if any, to which the Borrower is a party and evidencing authorization with respect to such documents; and

(b) a certificate of a Responsible Officer of the Borrower, dated the Closing Date, and certifying (i) the name, title and true signature of each officer of the Borrower authorized to execute this Agreement and the other Loan Documents to which it is a party, and (ii) that attached thereto is a true and complete copy of the articles of incorporation and bylaws of the Borrower, as amended to date, and a recent certificate of status.

(4) *No Material Adverse Change.* The Lender shall be satisfied that, since June 30, 2021, there has not been a Material Adverse Change.

(5) *No Litigation.* No action, suit or proceeding shall be pending before or by any Governmental Authority and no law, regulation or policy shall have been proposed, enacted, promulgated or applied, in any case, to enjoin, restrict, or prohibit the completion of the transactions contemplated hereby and by the other Loan Documents or which may impose any condition on the completion thereof.

(6) *TSX.* The common shares of the Borrower shall continue to be listed on the TSX and shall not be subject to any outstanding cease trade or similar order.

(7) *Warrants.* The Warrant Certificate evidencing the Warrants, registered in the name of the Lender, or as the Lender may direct, shall have been duly executed and delivered by the Borrower to the Lender.

(8) *Borrowing Request.* The Lender shall have received the Borrowing Request.

ARTICLE 5 AFFIRMATIVE COVENANTS

5.1 Covenants.

From (and including) the Closing Date until the Termination Date, the Borrower covenants and agrees with the Lender as follows:

- (1) *Use of Proceeds.* The proceeds of the Loan shall be used for general corporate purposes of the Borrower.
- (2) *Limited Recourse Guarantees and Collateral Mortgages.* The Borrower shall cause each other Credit Party to deliver to the Lender, within 45 days of the Closing Date (or such later date as the Lender may agree in writing), each of the following documents:
 - (a) the Limited Recourse Guarantees (such Limited Recourse Guarantees to be in form and substance satisfactory to the Lender, acting reasonably);
 - (b) the Collateral Mortgages (such Collateral Mortgages to be in form and substance satisfactory to the Lender, acting reasonably), together with title insurance policies in form and substance satisfactory to the Lender as to the Secured Facilities and, to the extent available, surveys and environmental reports with respect to the Secured Facilities. Each Collateral Mortgage shall include customary representations, warranties and covenants (positive and negative) of the applicable Limited Recourse Guarantor consistent with the real property security to be delivered to the Lender as contemplated herein, such customary representations, warranties and covenants to be determined by the Lender, acting reasonably; and
 - (c) such corporate resolutions, certificates, legal opinions and such other related documents as shall be reasonably requested by the Lender and consistent with the relevant forms and types thereof delivered on the Closing Date or as shall be otherwise reasonably acceptable to the Lender.
- (3) *Certain Information.* The Borrower shall furnish to the Lender:
 - (a) promptly after the Borrower learns of the occurrence of any event which constitutes a Default or Event of Default, a certificate of the Borrower, signed by a Responsible Officer of the Borrower, specifying the nature thereof and the steps being taken to cure such Default or Event of Default; and
 - (b) promptly after the occurrence thereof, notice of the institution of or any adverse development in any action, suit or proceeding or any governmental investigation or any arbitration before any court or arbitrator or any Governmental Authority or official against any Credit Party or any Secured Facility (including pursuant to any applicable Environmental Laws) which, if adversely determined, would be expected to have a Material Adverse Effect.
- (4) *Payment of Obligations.* The Borrower shall make punctual payment of all principal and interest payable to the Lender under this Agreement together with all other amounts due and payable under this Agreement.
- (5) *Existence; Conduct of Business.* The Borrower shall, and shall cause each other Credit Party to, do or cause to be done all things reasonably necessary to preserve, renew and keep in full force and effect its legal existence, and except to the extent that the failure to do so would not result in a

Material Adverse Effect, obtain, preserve, renew and keep in full force and effect any and all rights, licenses, permits, privileges and franchises material to the conduct of its business.

(6) *Books and Records.* The Borrower shall, and shall cause each other Credit Party to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities.

(7) *Compliance with Laws.* The Borrower shall, and shall cause each other Credit Party to, comply with all Laws applicable to it or its property except where the failure to do so, individually or in the aggregate, would not result in a Material Adverse Effect.

(8) *Taxes.* The Borrower shall, and shall cause each other Credit Party to, (a) file or caused to be filed when due all Tax returns and reports required to be filed, (b) pay or caused to be paid when due all material Taxes required to be paid by it (including all instalments with respect to the current period) and (c) make adequate provision for Taxes for the current period, except Taxes that are being contested in good faith by appropriate proceedings and for which such Credit Party, as applicable, has set aside on its books adequate reserves.

(9) *Compliance with Material Contracts.* The Borrower shall, and shall cause each other Credit Party to, comply with each Material Contract except where the failure to do so, individually or in the aggregate, would not result in a Material Adverse Effect.

(10) *Insurance.* The Borrower shall, and shall cause each other Credit Party to, maintain insurance by insurers of recognized financial responsibility against loss of, or damage to, the Secured Facilities by all insurable risks on a replacement cost basis in accordance with industry standards, on a basis consistent with reasonably prudent persons in comparable business. The Borrower shall, and shall cause each other Credit Party to, ensure that at the time of the delivery of the Collateral Mortgages pursuant to Section 5.1(2), the Lender is endorsed as a loss payee on such policies of insurance in respect of the Secured Facilities.

(11) *Intellectual Property.* The Borrower shall, and shall cause each other Credit Party to, maintain all Intellectual Property owned or used by the Business except where the failure to do so, individually or in the aggregate, would not result in a Material Adverse Effect.

ARTICLE 6 NEGATIVE COVENANTS

6.1 Negative Covenants.

From (and including) the Closing Date until the Termination Date, the Borrower covenants and agrees with the Lender as follows:

(1) *Permitted Business.* The Borrower shall not, and shall not permit any other Credit Party to, engage to any material extent in any business other than the Business.

(2) *Asset Dispositions.* The Borrower shall not permit any other Credit Party to sell or otherwise dispose of its Secured Property, whether in one transaction or a series of transactions, unless the proceeds of such sale or other disposition are used to repay in full all obligations payable by the Borrower to the Lender hereunder.

(3) *Restricted Payments.* The Borrower shall not make, or agree to make, directly or indirectly, any Restricted Payment. For greater certainty, this Section 6.1(3) shall not apply to any exchangeable, exercisable or convertible Equity Securities of the Borrower outstanding on the Closing Date.

ARTICLE 7 EVENTS OF DEFAULT

7.1 Events of Default.

If any of the following events ("**Events of Default**") shall occur:

- (a) the Borrower shall fail to pay any principal on the Loan when and as the same shall become due and payable;
- (b) the Borrower shall fail to pay any interest on the Loan or any fee or any other amount (other than an amount referred to in Section 7.1(a)) payable under any Loan Document, when and as the same shall become due and payable and such failure shall continue unremedied for a period of 3 Business Days after written notice from the Lender;
- (c) any representation or warranty made by or on behalf of any Credit Party in any Loan Document shall prove to have been incorrect in any material respect when made and such representation and warranty shall continue unremedied for a period of 30 days after the earlier of (i) knowledge thereof by any Credit Party, or (ii) notice thereof from the Lender to the Borrower;
- (d) any Credit Party shall fail to observe or perform any covenant contained in this Agreement (other than those specified in Section 7.1(a), (b) or (c)) or any other Loan Document, and such failure shall continue unremedied for a period of 30 days after the earlier of (i) knowledge thereof by any Credit Party, or (ii) notice thereof from the Lender to the Borrower, except that the Borrower shall not have the right to remedy the failure of the Borrower to observe or perform the Borrower's covenants set forth in Section 5.1(2);
- (e) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity; provided that this Section 7.1(e) shall not apply to secured indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such indebtedness so long as the proceeds of such sale or transfer are sufficient to, and are applied to, reduce such secured indebtedness to nil;
- (f) any Credit Party:
 - (i) becomes insolvent, or generally does not or becomes unable to pay its debts or meet its liabilities as the same become due, or admits in writing its inability to pay its debts generally, or declares any general moratorium on its indebtedness, or proposes a compromise or arrangement between it and any class of its creditors;
 - (ii) commits an act of bankruptcy under the BIA, or makes an assignment of its property for the general benefit of its creditors under the BIA, or makes a proposal (or files a notice of its intention to do so) under the BIA;
 - (iii) institutes any proceeding seeking to adjudicate it an insolvent, or seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), or composition of it or its debts or any other relief, under any federal, provincial or foreign Law now or hereafter in effect relating to bankruptcy, winding-up, insolvency, reorganization, receivership, plans of arrangement or relief or protection of debtors (including the BIA, the *Companies' Creditors Arrangement Act* (Canada) and any

- applicable corporations legislation) or at common law or in equity, or files an answer admitting the material allegations of a petition filed against it in any such proceeding;
- (iv) applies for the appointment of, or the taking of possession by, a receiver, interim receiver, receiver/manager, sequestrator, conservator, custodian, administrator, trustee, liquidator or other similar official for it or any substantial part of its property; or
 - (v) threatens to do any of the foregoing, or takes any action, corporate or otherwise, to approve, effect, consent to or authorize any of the actions described in Section 7.1(f) or in Section 7.1(g), or otherwise acts in furtherance thereof or fails to act in a timely and appropriate manner in defense thereof;
- (g) any petition is filed, application made or other proceeding instituted against or in respect of any Credit Party:
- (i) seeking to adjudicate such Credit Party an insolvent;
 - (ii) seeking a receiving order against such Credit Party under the BIA;
 - (iii) seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), or composition of such Credit Party or its debts or any other relief under any federal, provincial or foreign Law now or hereafter in effect relating to bankruptcy, winding-up, insolvency, reorganization, receivership, plans of arrangement or relief or protection of debtors (including the BIA, the *Companies' Creditors Arrangement Act* (Canada) and any applicable corporations legislation) or at common law or in equity; or
 - (iv) seeking the entry of an order for relief or the appointment of, or the taking of possession by, a receiver, interim receiver, receiver/manager, sequestrator, conservator, custodian, administrator, trustee, liquidator or other similar official for such Credit Party or any substantial part of its property,

and such petition, application or proceeding continues undismissed, or unstayed and in effect, for a period of 45 days after the institution thereof, provided that if an order, decree or judgment is granted or entered (whether or not entered or subject to appeal) against such Credit Party thereunder in the interim, such grace period shall cease to apply, and provided further that if such Credit Party files an answer admitting the material allegations of a petition filed against it in any such proceeding, such grace period shall cease to apply;

- (h) any other event occurs which, under the Laws of any applicable jurisdiction, has an effect equivalent to any of the events referred to in either of Sections 7.1(f) or (g);
- (i) this Agreement or any other Loan Document at any time for any reason terminates or ceases to be in full force and effect and a legally valid, binding and enforceable obligation of any Credit Party;
- (j) from and after the date of delivery thereof in accordance with Section 5.1(2), any Lien purported to be created by any Collateral Mortgage shall cease to be a valid, perfected,

first priority (except as otherwise expressly provided in this Agreement or such Collateral Mortgage) Lien over the applicable Secured Facility;

- (k) a Material Adverse Change shall occur, and such change shall continue unremedied for a period of 30 days after the earlier of (i) knowledge thereof by any Credit Party, or (ii) notice thereof from the Lender to the Borrower;
- (l) the common shares of the Borrower shall be delisted from the TSX;
- (m) any Credit Party shall contest the enforceability or the validity of any of the Loan Documents or that it has any liability thereunder; or
- (n) a Change in Control shall occur,

then, (A) and in every such event (other than those described in (B), and at any time thereafter during the continuance of such event or any other such event, the Lender may by notice to the Borrower, take either or both of the following actions, at the same or different times: (x) terminate the Commitment, and thereupon the Commitment shall terminate immediately, and (y) declare the Loan then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loan so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind except as set out earlier in this paragraph, all of which are hereby waived by the Borrower; and (B) in the case of any event with respect to the Borrower described in Section 7.1(f), (g) or (h), the Commitment shall automatically terminate and the principal of the Loan then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

For certainty, the Borrower acknowledges and agrees that any repayment of the principal amount of the Loan, in whole or in part, by the Borrower following the declaration by the Lender the Loan then outstanding is due and payable pursuant to this Section 7.1 shall not constitute any repayment of the principal amount of the Loan prior to the Expiry Date (as such term is defined in the Warrant Certificate) for the purposes of Section 2 of the Warrant Certificate.

ARTICLE 8 MISCELLANEOUS

8.1 Notices.

(1) All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by e-mail in each case to the addressee, as follows:

- (a) if to the Borrower or any other Credit Party:

Aleafia Health Inc.
85 Basaltic Road
Concord, ON L4K 1G4
Attention: Matthew Sale, Chief Financial Officer
E-mail: **[Redacted – Personal Information]**

with a copy to:

Blake, Cassels & Graydon LLP
4000-199 Bay Street
Toronto, ON M5L 1A9
Attention: Michael Hickey
E-mail: michael.hickey@blakes.com

(b) if to the Lender:

1260356 Ontario Limited
[Redacted – Personal Information]
Attention: **[Redacted – Personal Information]**
E-mail: **[Redacted – Personal Information]**

(2) Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices delivered through e-mail, to the extent provided in paragraph (3) below, shall be effective as provided in said paragraph (3).

(3) (i) Notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

Any party hereto may change its address or e-mail address for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

8.2 Waivers; Amendments.

(1) *Waiver.* No failure or delay by the Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by Section 8.2(2), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of the Loan shall not be construed as a waiver of any Default, regardless of whether the Lender may have had notice or knowledge of such Default at the time.

(2) *Amendments.* Neither this Agreement nor any other Loan Document (or any provision hereof or thereof) may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Lender.

8.3 Expenses; Indemnity; Damage Waiver.

(1) *Expenses.* The Borrower shall pay (a) all reasonable out-of-pocket expenses incurred by the Lender, including the reasonable fees, charges and disbursements of counsel for the Lender and all

applicable taxes, in connection with the preparation and administration of this Agreement and the other Loan Documents (provided, however, that such out-of-pocket expenses in respect of the preparation of this Agreement and the other Loan Documents shall not exceed **[Redacted – Competitively Sensitive and Prejudicial Information]** without the Borrower's prior written consent), (b) all reasonable out-of-pocket expenses incurred by the Lender and all applicable taxes, including the reasonable fees, charges and disbursements of counsel for the Lender, in connection with any amendments, modifications or waivers of the provisions hereof or of any of the other Loan Documents (whether or not the transactions contemplated hereby or thereby shall be consummated), and (c) all out-of-pocket expenses incurred by the Lender, including the fees, charges and disbursements of any counsel for the Lender and all applicable taxes, in connection with the assessment, enforcement or protection of its rights in connection with this Agreement, including its rights under Section 8.3, or in connection with the Loan made hereunder.

(2) *Indemnity.* The Borrower shall indemnify the Lender, as well as each Related Party (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, cost recovery actions, damages, expenses and liabilities of whatsoever nature or kind and all reasonable out-of-pocket expenses (including reasonable fees, charges and, subject to the **[Redacted – Competitively Sensitive and Prejudicial Information]** limitation in respect of the preparation of this Agreement and the other Loan Documents referred to in Section 8.3(1)(a), disbursements of counsel) and all applicable taxes, to which any Indemnitee may become subject arising out of or in connection with (a) the execution or delivery of the Loan Documents or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder, and the consummation of the Transactions or any other transactions thereunder, (b) the Loan or any actual or proposed use of the proceeds therefrom, (c) any actual or alleged presence or Release of Hazardous Materials on or from any Secured Facility (including arising out of or in connection with any action of, or failure to act by, any Credit Party in contravention of any Environmental Laws), (d) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto, (e) any other aspect of this Agreement and the other Loan Documents, or (f) the enforcement of any Indemnitee's rights hereunder and any related assessment, investigation, defence, preparation of defence, litigation and enquiries; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or wilful misconduct of or material breach of this Agreement by such Indemnitee.

(3) *Payment of Expenses and Indemnity.* All amounts due under Section 8.3 shall be payable not later than five Business Days after written demand therefor.

8.4 Successors and Assigns.

(1) *Successors and Assigns.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower shall not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of the Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(2) *Assignment by Lender.* The Lender may assign to one or more assignees all, but not less than all, of its rights and obligations under this Agreement and the other Loan Documents (including all, but not less than all, its Commitment and the Loan at the time owing to it) provided that the Borrower must give its prior written consent to such assignment.

8.5 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 other electronic form and the parties adopt any signatures received via e-mail as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other parties an original of the signed copy of this Agreement which was so e-mailed.

8.6 Entire Agreement.

This Agreement (together with the other Loan Documents) constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, warranties, representations or other agreements between the parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as specifically set out in this Agreement or in such other applicable agreements.

8.7 Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

8.8 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province and shall be treated, in all respects, as an Ontario contract.

8.9 Attornment.

Each party hereto agrees (i) that any action or proceeding relating to this Agreement may (but need not) be brought in any court of competent jurisdiction in the Province of Ontario, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of such Ontario court; (ii) that it irrevocably waives any right to, and shall not, oppose any such Ontario action or proceeding on any jurisdictional basis, including forum non conveniens; and (iii) not to oppose the enforcement against it in any other jurisdiction of any judgment or order duly obtained from an Ontario court as contemplated by this Section 8.9.

8.10 WAIVER OF JURY TRIAL.

EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (a) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (b) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.10.

8.11 Confidentiality; Press Releases and Public Announcements.

The Lender shall maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to the Lender's directors, officers, employees, agents and advisors, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any rating agency, credit bureau, regulatory authority or other Governmental Authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) in connection with the exercise of any remedies under any Loan Document or any suit, action or proceeding relating to any Loan Document or the enforcement of rights thereunder, (e) subject to an agreement containing provisions substantially the same as those of this Section 8.11, to any actual or prospective assignee of any of its rights or obligations under this Agreement, (f) to its auditors in connection with any audit, (g) with the consent of the Borrower, or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 8.11, or (ii) becomes available to the Lender on a non-confidential basis from a source other than the Borrower. For the purposes of this Section 8.11, "Information" means all information received from any Credit Party relating to any Credit Party, any of their subsidiaries or Affiliates, or their respective business, other than any such information that is available to the Lender on a non-confidential basis prior to disclosure by such Credit Party; provided that, in the case of information received from a Credit Party after the date hereof, such information is clearly identified as confidential in writing at the time of delivery. Any Person required to maintain the confidentiality of Information as provided in this Section 8.11 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. Notwithstanding the foregoing, the Borrower agrees that it will not issue any press release or make any other kind of public announcement, or consent to the issuance of any press release or the making of any other kind of public announcement, regarding this Agreement and the terms contained herein unless the text of any such release or announcement, and the time and manner in which such release or announcement is made, has been consented to by the Lender (such consent not to be unreasonably withheld or delayed), except to the extent required by applicable Law (in which case the Borrower shall make all commercially reasonable efforts to provide advance notice of such release or announcement to the Lender and consult with the Lender as to the content thereof).

8.12 Material Non-Public Information.

THE LENDER ACKNOWLEDGES THAT INFORMATION (AS DEFINED IN SECTION 8.11) FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER, ITS AFFILIATES AND THEIR RESPECTIVE RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH APPLICABLE LAW, INCLUDING APPLICABLE SECURITIES LAWS.

8.13 Representations, Warranties and Covenants of the Lender.

The Lender hereby represents, warrants and covenants to the Borrower as follows:

- (a) the Lender, together with its Affiliates, does not, within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, have beneficial ownership of, or control or direction over, directly or indirectly, or a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of the Borrower carrying more than 10% of the voting rights attached to all of the Borrower's outstanding voting securities;
- (b) the Lender, its Affiliates and their respective Related Parties have not purchased or sold any Equity Securities of the Borrower since the date (being August 9, 2021) it received

any confidential information relating to the Borrower, its Affiliates or their respective Related Parties;

- (c) the Lender shall not, and shall not permit any of its Affiliates or their respective Related Parties to, purchase or sell any Equity Securities of the Borrower prior to the Closing Date;
- (d) the Lender has executed and delivered to the Borrower the certificate set forth in Exhibit C hereto indicating that the Lender fits within one of the “accredited investor” categories under applicable Canadian securities laws; and
- (e) the Lender was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of “accredited investor” provided in Exhibit C hereto.

The Lender acknowledges that the Warrants evidenced by the Warrant Certificate will be subject to the statutory hold periods prescribed in accordance with applicable Canadian securities laws.

8.14 No Strict Construction.

The parties hereto have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favouring or disfavouring any party by virtue of the authorship of any provisions of this Agreement.

8.15 Paramountcy.

In the event of any inconsistency between the provisions of this Agreement and the provisions of any other Loan Document, the provisions of this Agreement shall prevail.

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

[signatures on the next following page]

S - 1

ALEAFIA HEALTH INC., as Borrower

By: (signed) "Matthew Sale"

Name: Matthew Sale

Title: Chief Financial Officer

S - 2

1260356 ONTARIO LIMITED, as Lender

By: **[Redacted – Confidential Information]**

Name: **[Redacted – Confidential Information]**

Title: **[Redacted – Confidential Information]**

EXHIBIT A

FORM OF BORROWING REQUEST

TO: 1260356 Ontario Limited (the “**Lender**”)
RE: Credit Agreement dated as of August 20, 2021 made between the undersigned (the “**Borrower**”), and you, as Lender, (as amended, supplemented or otherwise modified from time to time, the “**Credit Agreement**”)

We hereby give you notice that on August 20, 2021 we wish to obtain the Loan in the amount of \$10,000,000. Please wire the proceeds of the Loan to the account of the Borrower specified on Schedule A hereto. All capitalized terms used and not otherwise defined herein have the meanings given to them in the Credit Agreement.

We hereby certify, after due and careful investigation, that:

- (a) each of the representations and warranties made by the Borrower in the Credit Agreement are true and correct on and as of the date hereof except to the extent that (i) any change to the representations and warranties has been disclosed to the Lender and accepted by the Lender, or (ii) any representation and warranty is stated to be made as of a particular time; and
- (b) on and as of the date hereof, no Default has occurred and is continuing.

DATED: August 20, 2021

ALEAFIA HEALTH INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A TO BORROWING REQUEST

WIRE INSTRUCTIONS

[Redacted – Personal Information]

EXHIBIT B

FORM OF WARRANT

(See Attached)

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE DECEMBER 21, 2021.

THIS WARRANT CERTIFICATE, AND THE WARRANTS EVIDENCED HEREBY, WILL BE VOID AND OF NO VALUE UNLESS EXERCISED ON OR BEFORE THE EXPIRY DATE (AS DEFINED BELOW).

ALEAFIA HEALTH INC.

NON-TRANSFERRABLE COMMON SHARE PURCHASE WARRANT CERTIFICATE

Certificate No: 2021-BLW-1

Number of Warrants: 1,000,000

Date: August 20, 2021

THIS CERTIFIES THAT, for value received, 1260356 Ontario Limited (the "**Holder**"), is the registered holder of 1,000,000 common share purchase warrants (the "**Warrants**") of Aleafia Health Inc. (the "**Corporation**"). Each Warrant entitles the Holder to subscribe for and purchase one fully paid and non-assessable common share of the Corporation (each, a "**Share**") at any time from and after the applicable Vesting Date (as defined herein) and prior to 5:00 p.m. (Toronto time) on August 20, 2023 (the "**Expiry Date**"), at a purchase price of \$0.32 per Share (such purchase price, as adjusted from time to time as hereinafter provided in this Warrant certificate, the "**Exercise Price**"), all subject to the vesting and adjustment rights as hereinafter provided in this Warrant certificate.

1. **Exercise of Warrants.** Subject to the terms hereof, the Warrants will vest in tranches of 250,000 Warrants (each, a "**Tranche**") over a 12-month period on the vesting dates (each, a "**Vesting Date**") set forth in the table below. The Holder is entitled, from and after each Vesting Date, to exercise the Warrants in respect of each Tranche, in whole or in part, at any time or from time to time on any business day on or prior to the Expiry Date, to subscribe for and purchase from the Corporation the number of Shares ("**Warrant Shares**") set forth in the table below, by delivering to the Corporation a subscription form duly completed and executed in the form attached as Schedule "A" hereto and a wire transfer, in immediately available funds, payable to or to the order of the Corporation, in the amount equal to the number of Warrant Shares subscribed for multiplied by the Exercise Price.

Tranche	Number of Warrant Shares	Vesting Date
1	250,000 Warrant Shares	November 20, 2021
2	250,000 Warrant Shares	February 20, 2022
3	250,000 Warrant Shares	May 20, 2022
4	250,000 Warrant Shares	August 20, 2022

2. **Repayment of Loan.** Notwithstanding anything to the contrary herein, in the event any portion of the outstanding principal amount of the Loan (as defined in the credit agreement dated as of August 20, 2021 between the Corporation and the Holder (the “**Credit Agreement**”)) is repaid prior to the Expiry Date in accordance with the provisions of the Credit Agreement, the number of Warrant Shares in respect of each Tranche of unvested Warrants shall be automatically adjusted and be equal to (A) the number of Warrant Shares for each Tranche as set forth in Section 1 (as adjusted from time to time pursuant to the terms of this Warrant, other than adjustments made pursuant to this Section 2), multiplied by (B) a fraction (x) the numerator of which is the outstanding principal amount of the Loan as of such time, and (y) the denominator of which is 10,000,000. In the event that the outstanding balance of the Loan is repaid in full prior to the Expiry Date, all unvested Warrants shall be automatically terminated as of the date of the repayment in full of the Loan. For greater certainty, the number of vested Warrants and Warrant Shares deliverable upon the exercise of such vested Warrants, respectively, if any, shall not be subject to adjustment pursuant to this Section 2.

3. **Partial Exercise.** In the event that the Holder subscribes for and purchases less than the total number of Warrant Shares entitled to be subscribed for and purchased hereunder in respect of a Tranche of Warrants, the outstanding number of Warrant Shares purchasable hereunder in respect of such Tranche shall be lowered by an amount equal to the applicable number of Warrant Shares purchased by and issued to the Holder. **The Holder acknowledges and agrees that, by acceptance of this Warrant certificate, following the purchase of a portion of the Warrant Shares purchasable hereunder in respect of one or more Tranches of Warrants, the number of Warrant Shares purchasable hereunder at any given time may be less than the amount set forth in Section 1.**

4. **Delivery of Warrant Shares.** Within three business days of receipt of a subscription form duly completed and executed in the form attached as Schedule “A” hereto and a wire transfer, in immediately available funds, payable to or to the order of the Corporation, the Corporation shall deliver or cause to be delivered to the Holder certificates representing the Warrant Shares subscribed for and purchased by the Holder hereunder. The Holder shall not be required to physically surrender this Warrant certificate to the Corporation until the Holder has purchased all of the Warrant Shares purchasable pursuant to the Warrants evidenced hereby, in which case, the Holder shall surrender this Warrant certificate to the Corporation for cancellation at the same time that the final subscription form is delivered to the Corporation.

5. **No Rights of Shareholders.** Nothing contained in this Warrant certificate (or in the Warrants evidenced hereby) shall be construed as conferring upon the Holder any right or interest whatsoever as a holder of Shares or any other right or interest except as herein expressly provided.

6. **Adjustment of Subscription and Purchase Rights.** From and after the date hereof, the Exercise Price and the number of Warrant Shares deliverable upon the exercise of the Warrants will be subject to adjustment in the events and in the following manner:

- (a) In case of any reclassification of the Shares or change of the Shares into other shares, or in case of the consolidation, arrangement, merger, reorganization or amalgamation of the Corporation with or into any other corporation or entity which results in any reclassification of the Shares or a change of the Shares into other shares, or in case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another person (any such event

being hereinafter referred to as a “**Reclassification of Shares**”), at any time prior to the Expiry Date, the Holder shall, after the effective date of such Reclassification of Shares and upon exercise of the right to purchase Warrant Shares hereunder, be entitled to receive, and shall accept, in lieu of the number of Warrant Shares to which the Holder was theretofore entitled upon such exercise, the kind and amount of shares and other securities or property which the Holder would have been entitled to receive as a result of such Reclassification of Shares if, on the effective date thereof, the Holder had been the registered holder of the number of Shares to which the Holder was theretofore entitled upon such exercise. If necessary, appropriate adjustments shall be made in the application of the provisions set forth in this Section 6 with respect to the rights and interests thereafter of the Holder of this Warrant certificate to the end that the provisions set forth in this Section 6 shall thereafter correspondingly be made applicable as nearly as may be reasonable in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants evidenced hereby.

- (b) If and whenever at any time prior to the Expiry Date the Corporation shall:
- (i) subdivide the Shares into a greater number of shares;
 - (ii) consolidate the Shares into a lesser number of shares; or
 - (iii) fix a record date for the issue of, or distribution to, or issue Shares, Participating Shares or Convertible Securities (as such terms are defined in Section 14) to all or substantially all of the holders of Shares by way of a stock dividend or other distribution on the Shares payable in Shares, Participating Shares or Convertible Securities,

(any such event being hereinafter referred to as “**Capital Reorganization**”) and any such event results in an adjustment in the Exercise Price pursuant to paragraph (c), the number of Warrant Shares purchasable pursuant to the Warrants evidenced hereby shall be adjusted contemporaneously with the adjustment of the Exercise Price by multiplying the number of Warrant Shares theretofore purchasable on the exercise thereof by a fraction the numerator of which shall be the Exercise Price in effect immediately prior to such adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

- (c) If and whenever at any time prior to the Expiry Date, the Corporation shall engage in a Capital Reorganization, the Exercise Price shall, on the effective date, in the case of a subdivision or consolidation, or on the record date, in the case of a stock dividend, be adjusted by multiplying the Exercise Price in effect on such effective date or record date by a fraction: (A) the numerator of which shall be the number of Shares and Participating Shares outstanding before giving effect to such Capital Reorganization; and (B) the denominator of which is the number of Shares and Participating Shares outstanding after giving effect to such Capital Reorganization. The number of Shares and Participating Shares outstanding shall include the deemed conversion into or exchange for Shares or Participating Shares of any Convertible Securities distributed by way of stock dividend or other such

distribution. Such adjustment shall be made successively whenever any event referred to in this paragraph shall occur.

- (d) Any issue of Shares, Participating Shares or Convertible Securities by way of a stock dividend or other such distribution shall be deemed to have been made on the record date thereof for the purpose of calculating the number of outstanding Shares under paragraphs (e) and (f).
- (e) If and whenever at any time prior to the Expiry Date, the Corporation shall fix a record date for the issuance or distribution of rights, options or warrants to all or substantially all the holders of Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Shares, Participating Shares or Convertible Securities at a price per share (or having a conversion or exchange price per share) of less than 95% of the Current Market Price (as defined herein) of the Shares on such record date (any such event being hereinafter referred to as a “**Rights Offering**”), the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction:
 - (i) the numerator of which shall be the aggregate of: (A) the number of Shares outstanding on such record date; and (B) a number determined by dividing whichever of the following is applicable by the Current Market Price of the Shares on the record date: (1) the amount obtained by multiplying the number of Shares or Participating Shares which the Holders of Shares are entitled to subscribe for or purchase by the subscription or purchase price; or (2) the amount obtained by multiplying the maximum number of Shares or Participating Shares which the holders of Shares are entitled to receive on the conversion or exchange of the Convertible Securities by the conversion or exchange price per share; and
 - (ii) the denominator of which shall be the aggregate of: (A) the number of Shares outstanding on such record date; and (B) whichever of the following is applicable: (1) the number of Shares or Participating Shares which the holders of Shares are entitled to subscribe for or purchase; or (2) the maximum number of Shares or Participating Shares which the holders of Shares are entitled to receive on the conversion or exchange of the Convertible Securities,

and if any such event results in an adjustment in the Exercise Price, the number of Warrant Shares purchasable pursuant to the Warrants evidenced hereby shall be adjusted contemporaneously with the adjustment of the Exercise Price by multiplying the number of Warrant Shares theretofore purchasable on the exercise thereof by a fraction the numerator of which shall be the Exercise Price in effect immediately prior to such adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

Any Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed.

To the extent that such Rights Offering is not so made or any such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price and the number of Warrant Shares purchasable pursuant to the Warrants evidenced hereby shall then be readjusted to the Exercise Price and number of Warrant Shares which would then be in effect if such record date had not been fixed or if such expired rights, options or warrants had not been issued.

- (f) If and whenever at any time prior to the Expiry Date, the Corporation shall fix a record date for the issue or distribution to all or substantially all the holders of Shares of:
- (i) shares of any class, whether of the Corporation or any other corporation;
 - (ii) rights, options or warrants;
 - (iii) evidences of indebtedness; or
 - (iv) other assets or property;

and if such issue or distribution does not constitute a Capital Reorganization or a Rights Offering or does not consist of rights, options or warrants entitling the holders of Shares to subscribe for or purchase Shares, Participating Shares or Convertible Securities for a period expiring not more than 45 days after such record date and at a price per share (or having a conversion or exchange price per share) of at least 95% of the Current Market Price of the Shares on such record date (any such non-excluded event being hereinafter referred to as a “**Special Distribution**”) the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction: (I) the numerator of which shall be the amount by which (A) the amount obtained by multiplying the number of Shares outstanding on such record date by the Current Market Price of the Shares on such record date, exceeds (B) the fair market value (as determined by the directors of the Corporation, which determination shall be conclusive) to the holders of such Shares of such Special Distribution; and (II) the denominator of which shall be the total number of Shares outstanding on such record date multiplied by such Current Market Price, and if any such event results in an adjustment in the Exercise Price, the number of Shares purchasable pursuant to the Warrants evidenced hereby shall be adjusted contemporaneously with the adjustment of the Exercise Price by multiplying the number of Shares theretofore purchasable on the exercise thereof by a fraction the numerator of which shall be the Exercise Price in effect immediately prior to such adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

Any Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed.

To the extent that such Special Distribution is not so made or any such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price and the number of Warrant Shares purchasable pursuant to the Warrants

evidenced hereby shall then be readjusted to the Exercise Price and number of Warrant Shares which would then be in effect if such record date had not been fixed or if such expired rights, options or warrants had not been issued.

- (g) No adjustment in the Exercise Price will be made pursuant to this Section 6 in respect of the issue from time to time of Shares issuable from time to time as dividends paid in the ordinary course to holders of Shares who exercise an option or election to receive substantially equivalent dividends in Shares in lieu of receiving a cash dividend, and any such issue will be deemed not to be a Share reorganization.
- (h) In any case in which this Section 6 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Holder, upon the exercise of the Warrants evidenced hereby after such record date and before the occurrence of such event, the additional Warrant Shares issuable upon such exercise by reason of the adjustment required by such event; provided, however, that the Corporation shall deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such additional Warrant Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Warrant Shares on and after such exercise.
- (i) The adjustments provided for in this Section 6 are cumulative, shall, in the case of adjustments to the Exercise Price, be computed to the nearest one-tenth of one cent and shall apply (without duplication) to successive Reclassifications of Shares, Capital Reorganizations, Rights Offerings and Special Distributions; provided that, notwithstanding any other provision of this Section 6, no adjustment of the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% of the Exercise Price then in effect (except upon a consolidation of the outstanding Shares) (provided, however, that any adjustments which by reason of this paragraph are not required to be made shall be carried forward and taken into account in any subsequent adjustment).
- (j) No adjustment in the number of Warrant Shares which may be purchased upon exercise of the Warrants evidenced hereby or in the Exercise Price shall be made pursuant to this Warrant certificate if the Holder is entitled to participate in such event on the same terms mutatis mutandis as if the Holder had exercised the Warrants evidenced hereby for Warrant Shares prior to the effective date or record date of such event.
- (k) If at any time prior to the Expiry Date the Corporation will take any action affecting the Shares, other than an action or an event described above in this Section 6, which in the opinion of the directors would have a material adverse effect upon the rights of the Holder under this Warrant certificate, the Exercise Price and/or the number of Warrant Shares purchasable under this Warrant certificate will be adjusted in such manner and at such time as the directors may determine to be equitable in the circumstances.
- (l) In the event of any question arising with respect to the adjustments provided in this Section 6, such question shall conclusively be determined by an independent firm

of chartered accountants other than the auditors of the Corporation, which independent firm of chartered accountants shall have access to all necessary records of the Corporation and such determination, absent manifest error, shall be binding upon the Corporation and the Holder.

- (m) As a condition precedent to the taking of any action which would require an adjustment in the subscription rights pursuant to the Warrants, including the Exercise Price and the number of such classes of shares or other securities or property which are to be received upon the exercise thereof, the Corporation shall take all corporate action which may, in the opinion of counsel, be necessary in order that the Corporation has reserved and there will remain unissued out of its authorized capital a sufficient number of Shares for issuance upon the exercise of the Warrants evidenced hereby, and that the Corporation may validly and legally issue as fully paid and non-assessable of all the shares of such classes or other securities or may validly and legally distribute the property which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof.
- (n) At least 21 days prior to the effective date or record date, as the case may be, of any event which requires an adjustment in the subscription rights pursuant to this Warrant certificate, including the Exercise Price and the number and classes of shares or other securities or property which are to be received upon the exercise thereof, the Corporation shall give notice to the Holder of the particulars of such event and the required adjustment. If it is not reasonably practicable for the Corporation to give 21 days' notice as aforesaid, the Corporation will give as much notice as is reasonably practicable in the circumstances.

7. **Representations and Warranties of the Corporation.** The Corporation hereby represents and warrants that it is authorized to create and issue the Warrants and covenants and agrees that it will cause the Warrant Shares from time to time subscribed for and purchased in the manner provided in this Warrant certificate and the certificate representing such Warrant Shares to be issued and that, at all times prior to the Expiry Date, it will reserve and there will remain unissued a sufficient number of Shares to satisfy the right of purchase provided for in this Warrant certificate. All Shares which are issued upon the exercise of the right of purchase provided in this Warrant certificate, upon payment therefor of the amount at which such Shares may be purchased pursuant to the provisions of this Warrant certificate, shall be and be deemed to be fully paid and non-assessable shares and free from all taxes, liens and charges with respect to the issue thereof. The Corporation hereby represents and warrants that this Warrant certificate is a valid and enforceable obligation of the Corporation, enforceable in accordance with the provisions of this Warrant certificate.

8. **No Fractional Warrant Shares.** The Corporation shall not be required to issue fractional Shares upon the exercise of the Warrants evidenced hereby. If any fractional interest in a Share would, except for the provisions of this Section, be deliverable upon the exercise of the Warrants evidenced hereby, the Corporation shall, in lieu of delivering any certificate for such fractional interest, round such fractional interest down to the nearest whole Share.

9. **Legending of Warrant Shares.**

- (a) The Holder hereby agrees and consents by acceptance hereof that the certificate or certificates representing Warrant Shares issued before December 21, 2021 upon exercise of the Warrants may be impressed with a legend in the following form:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE DECEMBER 21, 2021.

Each certificate representing the Warrant Shares originally issued to or for the account or benefit of a U.S. Person or a person in the United States may bear the following legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE ISSUER; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATIONS UNDER THE U.S. SECURITIES ACT; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF PARAGRAPH (C) OR (D) ABOVE, THE SELLER FURNISHES TO THE ISSUER AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER TO SUCH EFFECT.”

“DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTION ON STOCK EXCHANGES IN CANADA.”

10. **Transfer of Warrants.** Neither this Warrant certificate nor the Warrants evidenced hereunder shall be assigned or transferred, in whole or in part, by the Holder without the prior written consent of the Corporation; provided that, notwithstanding the foregoing, subject to applicable securities laws, the Holder shall be permitted

to assign and transfer this Warrant certificate and all (but not less than all) of the Warrants evidenced hereunder to any affiliate of the Holder upon execution and delivery by the Holder to the Corporation of a transfer form in the form attached to this Warrant certificate as Schedule B.

11. **Covenants.**

- (a) If the issuance of the Warrant Shares upon the exercise of the Warrants requires any filing or registration with or approval of any securities regulatory authority or other governmental authority or compliance with any other requirement under any law before such Warrant Shares may be validly issued, the Corporation agrees to use reasonable best efforts to take such actions as may be necessary to secure such filing, registration, approval or compliance, as the case may be.
- (b) The Corporation will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all other acts, deeds and assurances in law as may be reasonably required for effecting the intentions and provisions of this Warrant Certificate.

12. **Replacement Certificate.** Upon receipt of evidence satisfactory to the Corporation of the loss, theft, destruction or mutilation of this Warrant certificate and, if requested by the Corporation, upon delivery of a bond of indemnity satisfactory to the Corporation (or, in the case of mutilation, upon surrender of this Warrant certificate), the Corporation will issue to the Holder a replacement certificate (containing the same terms and conditions as this Warrant certificate).

13. **U.S. Restrictions.** The Warrants and the underlying Warrant Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold to, or otherwise transferred for the account or benefit of, persons in the "United States" (as such term is defined in Regulation S under the U.S. Securities Act) absent registration under the U.S. Securities Act and all applicable state securities laws or compliance with the requirements of an exemption therefrom. The Warrants may not be exercised by or on behalf of a person in the United States, unless an exemption from registration is available under the U.S. Securities Act and any applicable state securities laws and, if required by the Corporation, the Corporation has received an opinion of counsel of recognized standing or other evidence to such effect in form and substance reasonably satisfactory to the Corporation.

14. **Definitions.**

- (a) **"Current Market Price"**. For the purpose of any computation under this Warrant certificate, the "Current Market Price" at any date shall be the weighted average price per share for the 20 consecutive trading days before such date on the Toronto Stock Exchange in the Shares (or, if the Shares are not listed on such stock exchange, on such other stock exchange on which the Shares are listed as may be selected for such purpose by the directors of the Corporation or, if the Shares are not listed on any stock exchange, then on the over-the-counter market), except that if any stock exchange on which the Shares are then trading requires that the Current Market Price be calculated in a different manner, then the Current Market Price shall be calculated in such different manner. The weighted average price shall be determined by dividing the aggregate sale price of all such shares sold on

the said exchange or market during the said 20 consecutive trading days by the total number of such shares so sold;

- (b) **“Participating Share”** means a share (other than a Share) that carries the right to participate in earnings to an unlimited degree; and
- (c) **“Convertible Securities”** means securities convertible into or exchangeable for Shares or Participating Shares or both.

15. General.

- (a) The headings in this certificate are for reference only and do not constitute terms of the Warrant certificate.
- (b) Whenever the singular or masculine is used in this Warrant certificate the same shall be deemed to include the plural or the feminine or the body corporate as the context may require.
- (c) This Warrant certificate shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.
- (d) This Warrant certificate shall be subject to, governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties hereto irrevocably attorn and submit to the exclusive jurisdiction of the courts of the Province of Ontario with respect to any dispute related to or arising from this Warrant.
- (e) All references herein to monetary amounts are references to lawful money of Canada.
- (f) Any notice which the Corporation is required to give to the Holder hereunder shall be deemed to be properly given if sent by ordinary prepaid mail to the address for the Holder shown on cover page of this Warrant certificate (unless the Holder subsequently notifies the Corporation of a change of such address), and such notice will be deemed to be given at the time of mailing.
- (g) This Warrant certificate may only be amended with the prior written consent of the Corporation and the Holder. Any such amendment will be subject to all required approvals of the TSX, any other stock exchange on which the Shares are listed and any applicable securities regulatory authorities. No waiver by the Corporation or the Holder of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Corporation or the Holder (as applicable). No waiver shall 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.

[Signature page follows.]

IN WITNESS WHEREOF the Corporation has caused this Warrant certificate to be executed this ____ day of August 2021.

ALEAFIA HEALTH INC.

By: _____
Authorized Signatory

SCHEDULE "A"

**SHARE PURCHASE WARRANT
SUBSCRIPTION FORM**

(To be signed only upon exercise of Warrants)

ALEAFIA HEALTH INC.

85 Basaltic Road
Concord, Ontario
L4K 1G4
Attention: Matthew Sale, Chief Financial Officer

Dear Sirs/Mesdames:

The undersigned holder of the attached Warrant Certificate hereby subscribes for _____ common shares (the "**Shares**") of Aleafia Health Inc. (the "**Corporation**") pursuant to the terms of the Warrant Certificate at the Exercise Price (as defined in the Warrant Certificate) on the terms specified in the Warrant Certificate and contemporaneously with the execution and delivery hereof makes payment therefor on the terms specified in the Warrant Certificate.

The undersigned holder represents, warrants and certifies as follows (one (only) of the following must be checked):

- A. The undersigned holder at the time of exercise of the Warrants (i) is not in the United States; (ii) is not a U.S. person and is not exercising the Warrants on behalf of a U.S. person or a person in the United States; and (iii) did not execute or deliver this Election to Exercise in the United States.
- B. The undersigned holder at the time of exercise of the Warrants (i) is the original holder who acquired the Warrants in the United States in connection with the Corporation's unit offering and who delivered a U.S. Accredited Investor Certificate to the Corporation in connection with its acquisition of the Warrants; (ii) is exercising the Warrants for its own account or for the account of a disclosed principal that was named in the U.S. Accredited Investor Certificate, and (iii) is, and such disclosed principal, if any, is, an "accredited investor" as defined in Rule 501(a) of Regulation D under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") at the time of exercise of these Warrants and the representations and warranties of the holder made in the U.S. Accredited Investor Certificate remain true and correct as of the date of exercise of these Warrants.
- C. The undersigned holder has delivered an opinion of counsel of recognized standing or other evidence in form and substance reasonably satisfactory to the Corporation to the effect that an exemption from the registration requirements of the U.S. Securities Act, and applicable state securities laws is available for the issuance of the Shares.

Note: The undersigned holder understands that unless Box A above is checked, the certificates representing the Shares will be issued in definitive physical certificated form and bear a legend restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available.

Note: Certificates representing Shares will not be registered or delivered to an address in the United States unless either Box B or Box C above is checked. If Box C is checked, any opinion or other evidence tendered must be in form and substance reasonably satisfactory to the Corporation. Holders planning to deliver any such documentation in connection with the exercise of the Warrants should contact the Corporation in advance to determine whether any opinions or other evidence to be tendered will be acceptable to the Corporation.

Note: The terms "U.S. person" and "United States" have the meaning ascribed thereto in Regulation S under the U.S. Securities Act.

It is understood that the Corporation and the Corporation's transfer agent may require evidence to verify the foregoing representations.

The undersigned irrevocably hereby directs that _____ Shares be issued and delivered as follows:

<u>Name in Full</u>	<u>Address</u>	<u>Number of Shares</u>
_____	_____	_____
-	-	-
_____	_____	_____
-	-	-

DATED this ___ day of _____, 202__.

(Signature)

SCHEDULE "B"
TRANSFER FORM

TO: **ALEAFIA HEALTH INC.**

FOR VALUE RECEIVED, the undersigned transferor hereby sells, assigns and transfers unto

(Transferee)

(Address)

_____ of the Warrants registered in the name of the undersigned transferor represented by the Warrant certificate.

DATED this _____ day of _____, 20__.

Signature of Transferor

Signature Guarantee

Print name

Address

Instructions:

The signature of the transferor must correspond with the name of the registered holder as set out in the preamble to the Warrant certificate.

If this Transfer Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

The signature on this Transfer Form must be guaranteed by a Canadian chartered bank or eligible guarantor institution with membership in an approved signature guarantee medallion program.

The transfer of the Warrants is subject to the terms of the Warrant certificate and applicable securities laws.

EXHIBIT C

ACCREDITED LENDER STATUS CERTIFICATE

[Redacted – Competitively Sensitive and Prejudicial Information]

SCHEDULE 3.1(7)

LITIGATION

[Redacted – Competitively Sensitive and Prejudicial Information]

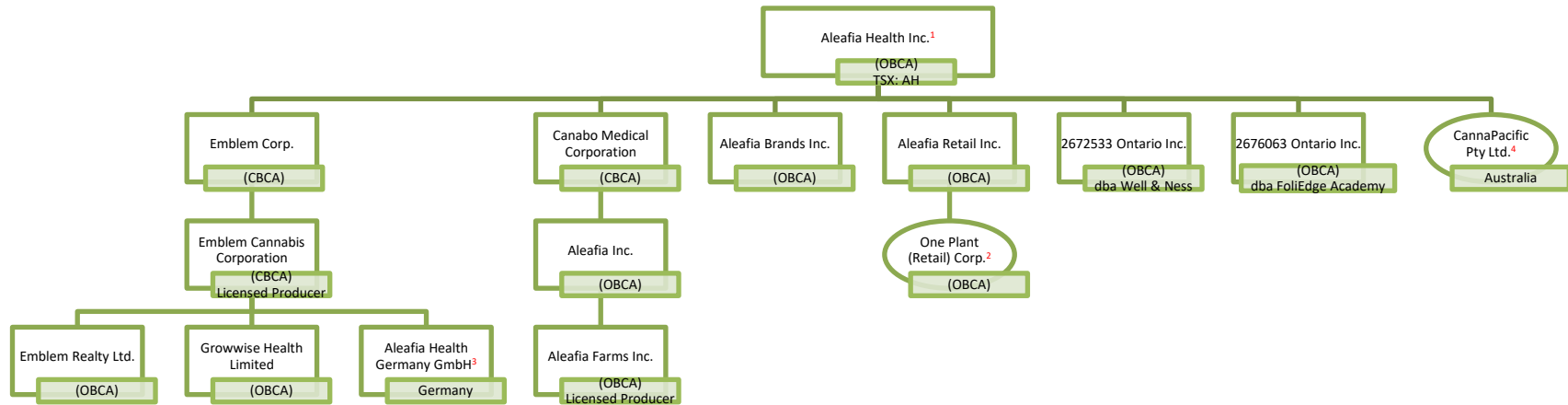
SCHEDULE 3.1(15)

CREDIT PARTIES

<u>NAME OF CREDIT PARTY</u>	<u>FORM OF LEGAL ENTITY</u>	<u>JURISDICTION OF INCORPORATION</u>
Aleafia Health Inc.	Corporation	Ontario
Aleafia Farms Inc.	Corporation	Ontario
Emblem Cannabis Corp.	Corporation	Canada

See attached corporate organizational chart of the Borrower and its subsidiaries.

Aleafia Health Inc. Corporate Structure Chart



Notes:

1. All entities are 100% controlled by the parent entity unless otherwise stated.
2. Aleafia Retail Inc. owns 9.9% of One Plant (Retail) Corp.
3. Emblem Cannabis Corporation owns 60% of Emblem Germany GmbH.
4. Aleafia Health Inc. owns ~10% of CannaPacific Pty Ltd.

This is Exhibit "OO" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is fluid and cursive, with the first name "Samantha" written in a larger, more prominent script than the last name "Khan".

Commissioner for Taking Affidavits



Profile Report

1260356 ONTARIO LIMITED as of July 14, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	1260356 ONTARIO LIMITED
Ontario Corporation Number (OCN)	1260356
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	October 10, 1997
Registered or Head Office Address	100 Zenway Boulevard, Woodbridge, Ontario, Canada, L4H 2Y7

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name SERGIO DE ZEN
Address for Service 100 Zenway Boulevard, Woodbridge, Ontario, Canada, L4H
2Y7
Resident Canadian Yes
Date Began October 10, 1997

Name VIC DE ZEN
Address for Service 300 Greenbrooke Drive, Woodbridge, Ontario, Canada, L4H
4X4
Resident Canadian Yes
Date Began October 01, 2017

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)

Name SERGIO DE ZEN
Position President
Address for Service 100 Zenway Boulevard, Woodbridge, Ontario, Canada, L4H
2Y7
Date Began October 10, 1997

Name SERGIO DE ZEN
Position Secretary
Address for Service 100 Zenway Boulevard, Woodbridge, Ontario, Canada, L4H
2Y7
Date Began October 10, 1997

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Corporate Name History

Name

1260356 ONTARIO LIMITED

Effective Date

October 10, 1997

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V. Quintanilla W.

Director/Registrar

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Additional historical information may exist in paper or microfiche format.

Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

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V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

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V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
Annual Return - 2022 PAF: SERGIO DE ZEN	March 28, 2023
Annual Return - 2021 PAF: Sergio DE ZEN	September 01, 2022
Annual Return - 2020 PAF: SERGIO DE ZEN - DIRECTOR	March 07, 2021
Annual Return - 2019 PAF: SERGIO DE ZEN - DIRECTOR	May 10, 2020
Annual Return - 2018 PAF: SERGIO DE ZEN - DIRECTOR	February 03, 2019
Annual Return - 2017 PAF: SERGIO DE ZEN - DIRECTOR	February 04, 2018
Annual Return - 2016 PAF: SERGIO DE ZEN - DIRECTOR	January 15, 2017
Annual Return - 2015 PAF: SERGIO DE ZEN - DIRECTOR	February 20, 2016
Annual Return - 2014 PAF: SERGIO DE ZEN - DIRECTOR	January 17, 2015
Annual Return - 2013 PAF: SERGIO DE ZEN - DIRECTOR	November 23, 2013
Annual Return - 2012 PAF: SERGIO DE ZEN - DIRECTOR	March 02, 2013
CIA - Notice of Change PAF: SERGIO DE ZEN - DIRECTOR	January 09, 2013
Annual Return - 2011 PAF: SERGIO DE ZEN - DIRECTOR	February 25, 2012

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V. Quintanilla W.

Director/Registrar

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Annual Return - 2010 PAF: SERGIO DE ZEN - DIRECTOR	March 19, 2011
Annual Return - 2009 PAF: SERGIO DE ZEN - DIRECTOR	January 30, 2010
Annual Return - 2008 PAF: SERGIO DE ZEN - DIRECTOR	February 14, 2009
Annual Return - 2007 PAF: SERGIO DE ZEN - DIRECTOR	April 05, 2008
Annual Return - 2006 PAF: SERGIO DE ZEN - DIRECTOR	February 10, 2007
Annual Return - 2005 PAF: SERGIO DE ZEN - DIRECTOR	February 18, 2006
Annual Return - 2004 PAF: SERGIO DE ZEN - DIRECTOR	February 26, 2005
Annual Return - 2003 PAF: SERGIO DE ZEN - DIRECTOR	March 28, 2004
Annual Return - 2002 PAF: SERGIO DE ZEN - DIRECTOR	March 18, 2003
Annual Return - 2001 PAF: SERGIO DE ZEN - DIRECTOR	May 20, 2002
Annual Return - 2000 PAF: SERGIO DE ZEN	January 25, 2001
CIA - Initial Return PAF: VIC DE ZEN - OTHER	December 19, 2000
BCA - Articles of Incorporation	October 10, 1997

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

This is Exhibit "PP" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits

ALEAFIA HEALTH INC.

as the Company

and

COMPUTERSHARE TRUST COMPANY OF CANADA

as the Trustee

AMENDED AND RESTATED DEBENTURE INDENTURE

Providing for the Issue of Secured Convertible Debentures

Dated as of June 27, 2022

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AMENDED AND RESTATED INDENTURE

This Agreement is made as of June 27, 2022, between

ALEAFIA HEALTH INC., a company existing under the laws of the province of Ontario (the “**Company**”)

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company existing under the federal laws of Canada and having an office in the City of Toronto (the “**Trustee**”)

WHEREAS the Company and the Trustee were parties to an indenture dated as of June 27, 2019 (the “**Original Indenture**”);

AND WHEREAS on June 27, 2019 the Company issued \$40,250,000 aggregate principal amount of 8.5% convertible unsecured subordinated debentures, of which \$2,900,000 principal amount has been converted in accordance with the terms of the Original Indenture into common shares in the capital of the Company and accordingly, the remaining principal amount is \$37,350,000 as of the date hereof (the “**Original Initial Debentures**”);

AND WHEREAS the Company and the Trustee, pursuant to an Extraordinary Resolution of holders of Original Initial Debentures dated as of June 17, 2022, have agreed to amend and restate the Original Indenture, and to replace the Original Initial Debentures with Debentures issued hereunder;

AND WHEREAS the Company wishes to create and issue the Debentures (as herein defined) in the manner and subject to the terms and conditions of this Indenture;

NOW THEREFORE, in consideration of the premises and mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company hereby appoints the Trustee as the debenture agent to hold the rights, interests and benefits contained herein for and on behalf of those persons who from time to time become holders of Debentures issued pursuant to this Indenture and the parties agree as follows:

ARTICLE 1 – INTERPRETATION

Section 1.1 Definitions

In this Indenture and in the Debentures, unless there is something in the subject matter or context inconsistent therewith, the expressions following shall have the following meanings, namely:

- (1) **“this Indenture”, “hereto”, “herein”, “hereby”, “hereunder”, “hereof”** and similar expressions refer to this amended and restated indenture and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto;
- (2) **“15% Cash Offer Price”** has the meaning ascribed thereto Section 2.6(1)(a)(ii);
- (3) **“1933 Act”** means the *United States Securities Act* of 1933, as amended, and the rules and regulations promulgated thereunder;
- (4) **“90% Redemption Right”** has the meaning ascribed thereto in Section 2.6(1)(b);
- (5) **“Additional Guarantor”** has the meaning ascribed thereto in Section 4.1(2);
- (6) **“Annualized Adjusted EBITDA”** means, for the most recent fiscal quarter of the Company, EBITDA, plus bad debt expense, business transaction costs, share-based payments, inventory provisions, fair value changes in biological assets and changes in inventory sold, non-operating expense (income), non-operating gain/(loss) on sale of assets and impairment of assets, times four.
- (7) **“Applicable Securities Legislation”** means applicable securities laws (including rules, regulations, policies and instruments) in each of the applicable provinces and territories of Canada;
- (8) **“Asset Change of Control”** means the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation, arrangement or amalgamation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries, taken as a whole, to any Person or group or Persons acting jointly or in concert for purposes of such transaction, other than any such sale, lease, transfer, conveyance or other disposition among the Company and the Guarantors.

- (9) **“Auditors of the Company”** means an independent firm of chartered accountants duly appointed as auditors of the Company;
- (10) **“Authenticated”** means: (i) with respect to the issuance of a Debenture Certificate, one which has been duly signed by the Company and certified by the signature of an authorized officer of the Trustee; (ii) with respect to the issuance of an Uncertificated Debenture, one in respect of which the Trustee has completed all Internal Procedures such that the particulars of such Uncertificated Debenture as required by Section 2.5 are entered in the register of holders of Debentures, **“Authenticate”** and **“Authentication”** have the appropriate correlative meanings;
- (11) **“Beneficial Holder”** means any Person who holds a beneficial interest in a Debenture that is represented by a Debenture Certificate or an Uncertificated Debenture registered in the name of such person’s nominee;
- (12) **“Board of Directors”** means the board of directors of the Company;
- (13) **“Book Based Only Debentures”** means Debentures issued under this Indenture in non-certificated form which are held only by way of book based (electronic) register maintained by the Trustee;
- (14) **“Business Day”** means any day other than a Saturday, Sunday or any other day that the Trustee in Toronto, Ontario and Montreal, Québec is not generally open for business;
- (15) **“Cannabis Permits”** means all permits or licences of any nature held by the Company or any Subsidiary of the Company, as of the date of this Indenture or thereafter, under Canadian federal, provincial and territorial law, and regulations made thereunder, that are necessary or desirable to lawfully conduct or maintain, directly or indirectly, its cannabis-related activities and interests;
- (16) **“Capital Lease Obligation”** means, at the time any determination is to be made, the amount of any liability that would at that time be required to be classified and accounted for as a finance lease on a balance sheet in accordance with IFRS.
- (17) **“Cash Equivalent”** means, as at any date, (a) marketable, direct obligations of the United States of America, of Canada or of any political agency or subdivision thereof maturing within 365 days of the date of purchase; (b) commercial paper maturing within 180 days from the date of purchase thereof, and rated (i) in the United States "P-2" or better by Moody's or "A-2" or better by S&P, or (ii) in Canada "A-1 low" or better by S&P or "R-1 low" or better by DBRS, or (iii) in any of the foregoing cases the equivalent thereof by any other

recognized rating agency; and (c) certificates of deposit maturing within 365 days of the date of purchase issued by or acceptances accepted or guaranteed by a bank to which either the *Bank Act* (Canada) applies or is located in the United States, in each case having at the time of acquisition a combined capital, surplus or undistributed profits of at least US\$2 billion;

- (18) “**Cash Offer**” has the meaning ascribed thereto in Section 2.6(1)(a);
- (19) “**Cash Offer Price**” has the meaning ascribed thereto in Section 2.6(1)(a)(i);
- (20) “**Cash Percentage**” has the meaning ascribed thereto in Section 2.6(1)(a)(ii);
- (21) “**Change of Control**” means, (i) a Securities Change of Control; or (ii) an Asset Change of Control. A Change of Control will not include a sale, merger, reorganization or other similar transaction if the previous holders of the Common Shares hold at least 50% of the voting shares of such merged, reorganized, arranged, combined or other continuing entity (and in the case of a sale or other transfer of all or substantially all of the assets, in the entity which has acquired such assets) immediately following completion of such transaction;
- (22) “**Change of Control Consideration**” has the meaning ascribed thereto in Section 2.6(1)(a);
- (23) “**Change of Control Notice**” has the meaning ascribed thereto in Section 2.6(1)(a);
- (24) “**Change of Control Offer**” has the meaning ascribed thereto in Section 2.6(1)(a);
- (25) “**Change of Control Purchase Date**” has the meaning ascribed thereto in Section 2.6(1)(a);
- (26) “**Change of Control Offeror**” means the offeror or offerors in the context of a Securities Change of Control, or a purchaser or purchasers of assets in the context of an Asset Change of Control.
- (27) “**Closing Date**” means June 27, 2022;
- (28) “**Collateral**” shall have the meaning set forth in the applicable Security Document;
- (29) “**Common Shares**” means common shares in the capital of the Company, as such common shares are constituted on the date of execution and delivery of this

Indenture; provided that in the event of a change or a subdivision, revision, reduction, combination or consolidation thereof, any reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up, or such successive changes, subdivisions, redivisions, reductions, combinations or consolidations, reclassifications, capital reorganizations, consolidations, amalgamations, arrangements, mergers, sales or conveyances or liquidations, dissolutions or windings-up, then, subject to adjustments, if any, having been made in accordance with the provisions of Section 8.3, “**Common Shares**” shall mean the shares or other securities or property resulting from such change, subdivision, redivision, reduction, combination or consolidation, reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up;

- (30) “**Company**” means Aleafia Health Inc. and includes any successor to or of the Company which shall have complied with the provisions of Article 12;
- (31) “**Contingent Liabilities**” means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness, obligation or any other liability of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the Securities of any other Person;
- (32) “**Conversion Price**” means the dollar amount for which each Common Share may be issued upon the conversion of Debentures or any series of Debentures which are by their terms convertible in accordance with the provisions of Article 8;
- (33) “**Counsel**” means a barrister or solicitor or firm of barristers or solicitors retained or employed by the Trustee or retained or employed by the Company and reasonably acceptable to the Trustee;
- (34) “**Current Market Price**” means, generally, the VWAP for the 20 consecutive trading days preceding the applicable date. If the Common Shares are not listed on the TSX or on another securities exchange or market, “**Current Market Price**” shall be the fair value of a Common Share as reasonably determined by the Board of Directors;
- (35) “**Date of Conversion**” has the meaning ascribed thereto in Section 8.2(2);

- (36) **“Debentures”** means Debentures of any one or more series issued under this Indenture;
- (37) **“Debenture Certificate”** means a certificate evidencing Debentures substantially in the form attached as a Schedule A to the applicable Supplemental Indenture;
- (38) **“Debentureholders”** or **“holders”** means the Persons for the time being entered in the register for Debentures, maintained by the Trustee, as registered holders of Debentures or any transferees of such Persons by endorsement or delivery;
- (39) **“Debentures”** means the debentures, notes or other evidence of indebtedness of the Company issued and certified hereunder, or deemed to be issued and certified hereunder, including without limitation the PIK Debentures, and for the time being outstanding, whether in definitive, uncertificated or interim form;
- (40) **“Defeased Debentures”** has the meaning ascribed thereto in Section 11.6(2);
- (41) **“Deferred Purchase Price Obligation”** means, with respect to a Person, an obligation issued, incurred or assumed by the Person in connection with the acquisition by the Person of an asset in respect of the deferred purchase price of the asset.
- (42) **“Depository”** or **“CDS”** means CDS Clearing and Depository Services Inc. and its successors in interest;
- (43) **“Disposition”** or **“Dispose”** means the sale, transfer, license, lease or other disposition of any property by any one of the Company or the Guarantors, including any Sale and Leaseback Transaction and any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, but excluding (a) the disposition of inventory in the ordinary course of business; (b) the disposition of machinery and equipment no longer used or useful in the conduct of business of any one of the Company or any Guarantor in the ordinary course of business; (c) the disposition of property to any one of the Company or any Guarantor; provided, that if the transferor of such property is one of the Company or any Guarantor then the transferee thereof must be one of the Company or any Guarantor; (d) the disposition of accounts receivable in connection with the collection or compromise thereof; (e) non-exclusive licenses, non-exclusive sublicenses, leases or subleases granted to others not interfering in any material respect with the business of one of the Company or any Guarantor; (f) the sale or disposition of Cash Equivalents for fair market value and (g) the disposition of any accounts

receivable that is done as a part of a receivables financing. For greater certainty, a Recovery Event shall constitute a Disposition;

- (44) **“EBITDA”** means, for any particular fiscal quarter of the Company, the Net Income of the Company for such period, plus (to the extent deducted in the calculation of Net Income, and without duplication) (a) the Interest Expense of the Company, (b) net Income Tax Expense of the Company for such period, (c) depreciation and amortization for such period determined on a consolidated basis in accordance with IFRS, (d) any extraordinary, unusual or non-recurring items reducing Net Income for such period; and (e) any non-cash items reducing Net Income for such period; minus (i) any extraordinary, unusual or non-recurring items increasing Net Income for such period, and (ii) any non-cash items increasing Net Income for such period.
- (45) **“Event of Default”** has the meaning ascribed thereto in Section 10.1;
- (46) **“Extraordinary Resolution”** has the meaning ascribed thereto in Section 13.12;
- (47) **“Fully Registered Debentures”** means Debentures registered as to both principal and interest;
- (48) **“Global Debenture”** means a Debenture that is issued to and registered in the name of the Depository, or its nominee, pursuant to Section 2.6, represented by Unrestricted Uncertificated Debentures, for the purpose of being held by or on behalf of the Depository as custodian for participants in the Depository’s book-entry only registration system or non-certificated inventory system;
- (49) **“Governmental Authority”** or **“Governmental Authorities”** means any of the governments of Canada, the United States, any other nation or any political subdivision thereof, whether provincial, state, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank, fiscal or monetary authority or other authority regulating financial institutions, and any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government;
- (50) **“Guarantees”** means the guarantees given by the Guarantors to and in favour of the Trustee on behalf of the Debentureholders with respect to the obligations owing by the Company to the Trustee and the Debentureholders and , as each may be amended, supplemented, restated, amended and restated or otherwise modified from time to time;

- (51) **“Guarantors”** means Emblem Cannabis Corporation, Aleafia Farms Inc., Emblem Corp., Canabo Medical Corporation and Aleafia Inc. and any Additional Guarantor;
- (52) **“Hedging Arrangements”** means any arrangement or transaction between the Company or a Guarantor and a third party which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, interest rate option, spot or forward foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of such transactions or arrangements) designed to protect or mitigate against risks in interest, currency exchange or commodity price fluctuations;
- (53) **“Income Tax Expense”** means, for any fiscal quarter and without duplication, all taxes on the income of the Company for such period (including deferred taxes), determined in accordance with IFRS;
- (54) **“Indebtedness”** means, with respect to a Person, without duplication: (a) all obligations of the Person for borrowed money (including obligations with respect to bankers’ acceptances and contingent reimbursement obligations relating to letters of credit and other financial instruments) and such Person's redemption obligations in respect of mandatorily redeemable preferred shares that are redeemable prior to the Maturity Date; (b) all other indebtedness of such Person which is evidenced by a note, bond, debenture or similar instrument; (c) all Capital Lease Obligations of the Person; (d) all Deferred Purchase Price Obligations of the Person; (e) all Purchase Money Obligations of the Person; (f) every reimbursement obligation of such Person which respect to letters of credit, bankers' acceptances or similar facilities used for the account of such Person, (g) mark-to-market liabilities of such Person at such time under all Hedging Agreements, and (h) all Contingent Liabilities of the Person with respect to the obligations of another Person if such obligations are of the type referred to in paragraphs (a) to (g);
- (55) **“Ineligible Consideration”** shall have the meaning ascribed to it in Section 8.3;
- (56) **“IFRS”** means International Financial Reporting Standards issued by the International Accounting Standards Board (including as further described in Section 1.16);
- (57) **“Intercreditor Agreement”** means the subordination, postponement and standstill agreement in the form set forth in Schedule 1 to this Indenture to be entered into between the Trustee, the Obligors and each of the Senior Lenders;

- (58) **“Interest Expense”** means, for any fiscal quarter, total interest expense (including that portion attributable to capitalized interest and capital leases in accordance with IFRS), premium payments, debt discount, fees, charges and related expenses with respect to all outstanding Indebtedness of the Company, in each case paid in cash during such period.
- (59) **“Interest Payment Date”** means a date specified in a Debenture as the date on which interest on such Debenture shall become due and payable;
- (60) **“Internal Procedures”** means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register of Debentureholders at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Trustee’s internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed by the time by the Trustee, it being understood that neither preparation and issuance shall constitute part of such procedures for any purpose of this definition;
- (61) **“Lien”** means, with respect to any asset, any mortgage, lien, pledge, hypothecation, charge, security interest, preference, priority or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under personal property security legislation (or equivalent statutes) of any jurisdiction;
- (62) **“Maturity Account”** means an account or accounts required to be established by the Company (and which shall be maintained by and subject to the control of the Trustee) for each series of Debentures issued pursuant to and in accordance with this Indenture;
- (63) **“Maturity Date”** means, with respect to any Debenture, the date on which the principal of such Debenture becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption or otherwise;
- (64) **“Net Cash Proceeds”** means the aggregate cash or Cash Equivalents proceeds received by the Company or any Guarantor in respect of any Disposition net of (a) direct costs incurred in connection therewith (including legal, accounting and investment banking fees, and sales commissions), (b) taxes paid or payable as a result thereof, (c) the amount necessary to retire any Indebtedness secured by a Lien on the related property, and (d) decommissioning costs, waste fees, and

- any other direct and indirect costs related to the retiring and sale of such asset; it being understood that "Net Cash Proceeds" shall include any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received by the Company or the Guarantors in any Disposition;
- (65) **“Net Income”** of a Person for any fiscal quarter, means the net income (or loss) of the Person for such period, determined in accordance with IFRS;
- (66) **“NI 62-104”** means National Instrument 62-104 — Take-Over Bids and Issuer Bids;
- (67) **“Obligors”** means, collectively, the Company and the Guarantors;
- (68) **“Offer Price”** shall have the meaning ascribed thereto in Section 2.6(1)(a)(iii);
- (69) **“Officer’s Certificate”** means a certificate of the Company signed by any authorized officer or director of the Company, in their capacity as an officer or director of the Company, and not in their personal capacity;
- (70) **“Ordinary Resolution”** has the meaning ascribed thereto in Section 13.14;
- (71) **“Participant”** means a Person recognized by CDS as a participant in the non-certificated inventory system administered by CDS;
- (72) **“Periodic Offering”** means an offering of Debentures of a series from time to time, the specific terms of which Debentures, including, without limitation, the rate or rates of interest, if any, thereon, the stated maturity or maturities thereof and the redemption provisions, if any, with respect thereto, are to be determined by the Company upon the issuance of such Debentures from time to time;
- (73) **“Permitted Indebtedness”** means, in respect of any Person, without duplication:
- (a) Indebtedness secured against the Working Capital of such Person, provided that the amount borrowed thereunder does not exceed 85% of the value of such Working Capital;
 - (b) Indebtedness incurred solely to finance capital expenditures;
 - (c) Senior Secured Debt in the form of term loans existing at the date hereof in favour of the Senior Lenders;
 - (d) Indebtedness incurred solely to pay cash interest payments to any Debentureholders holding Original Initial Debentures;

- (e) Indebtedness incurred solely to finance acquisitions;
 - (f) Capital Lease Obligations and Purchase Money Obligations;
 - (g) Indebtedness under any Hedging Arrangement;
 - (h) Refinancing Indebtedness in connection with Permitted Indebtedness set out in paragraphs (a) to (g) above; and
 - (i) any other Indebtedness permitted by the holders of greater than 50% of the principal amount of the Debentures then outstanding in accordance with Section 13.4.
- (74) **Permitted Liens**” means, in respect of any Person, any one or more of the following:
- (a) Liens securing Permitted Indebtedness;
 - (b) Liens in respect of:
 - (i) liens for taxes, duties and assessments or securing workers compensation assessments, employment insurance or other social security obligations; provided, however, that, if any such taxes, duties or assessments are then overdue, the Company or any Guarantor shall be contesting the same in good faith;
 - (ii) any liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
 - (iii) any deposits or liens in connection with contracts, bids, tenders or expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations, liens or claims incidental to current construction, or builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar liens;
 - (iv) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, licence, franchise, grant or permit that affects any land, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof;

- (v) any undetermined or inchoate liens and charges incidental to the operations of the Company or any Guarantor that have not been filed against the Company or such Guarantor; provided, however, that, if any such lien or charge shall have been filed, the Company or such Guarantor shall be contesting the same in good faith;
 - (vi) any easements, reservations, rights-of-way, restrictions, survey exceptions, encroachments, covenants, minor defects, irregularities and other similar encumbrances applicable to the use of real property by the Company or a Guarantor that do not in the aggregate materially detract from the value of the property or materially impair its use in the operation of the business of the Company or a Guarantor;
 - (vii) Liens in favour of a public utility or any other municipality or governmental or other public authority when required by such public utility or municipality or other governmental authority in the ordinary course of the business of the Company or a Guarantor; and
 - (viii) any liens and privileges arising out of judgments or awards with respect to which the Company or any Guarantor shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;
 - (ix) any extension, renewal, alteration or replacement (or successive extensions, renewals, alterations or replacements), in whole or in part, of any Lien referred to in the foregoing paragraphs (a) through (h); provided that, the extension, renewal, alteration or replacement of such Lien is limited to all or any part of the same property that secured the Lien extended, renewed, altered or replaced (plus any improvements on such property) and the principal amount of the indebtedness secured thereby is not increased;
- (75) **“Person”** includes an individual, corporation, company, partnership, joint venture, association, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof (and for the purposes of the definition of **“Change of Control”**, in addition to the foregoing, **“Person”** shall include any syndicate or group that would be deemed to be a **“Person”** under NI 62-104);

- (76) **“PIK Debentures”** means any additional Debentures issued from time to time by the Company pursuant to the terms of any Supplemental Indenture to satisfy any interest owing with respect to the Debentures issued under such Supplemental Indenture;
- (77) **“Premium”** means, with respect to any Debenture at a particular time, the excess, if any, of the then applicable Redemption Price of such Debenture over the principal amount of such Debenture;
- (78) **“Privacy Laws”** has the meaning ascribed thereto in Section 15.18;
- (79) **“Proportionate Cash Offer Price”** has the meaning ascribed thereto in Section 2.6(1)(a)(iii);
- (80) **“Purchase Money Obligation”** means, with respect to a Person, indebtedness of the Person issued, incurred or assumed to finance all or part of the cost of acquiring any asset for the Person, other than shares, bonds and other securities, or constricting, installing or improving any real property or fixtures of the Person; and includes any extension, renewal or refinancing of any such indebtedness so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased;
- (81) **“Qualified Institutional Buyer”** means a “qualified institutional buyer” as such term is defined in Rule 144A under the *1933 Act*;
- (82) **“Qualified Institutional Buyer Letter”** means a letter executed by a Qualified Institutional Buyer;
- (83) **“Recovery Event”** means any loss of, damage to or destruction of, or any condemnation or other taking for public use of, any property of the Company or the Guarantors;
- (84) **“Redemption Date”** has the meaning ascribed to such term in Section 3.3;
- (85) **“Redemption Price”** means, in respect of a Debenture, the amount, excluding interest, payable on the Redemption Date fixed for such Debenture;
- (86) **“Redemption Price Calculation Date”** has the meaning ascribed to such term in Section 3.3;
- (87) **“Refinancing Indebtedness”** means Indebtedness that is incurred to refinance any Permitted Indebtedness, including Indebtedness that refinances Refinancing Indebtedness, provided, however, that:

- (a) if the maturity of the Indebtedness being refinanced is earlier than the Maturity Date, the Refinancing Indebtedness matures no earlier than the maturity of the Indebtedness being refinanced or (b) if the maturity of the Indebtedness being refinanced is later than the Maturity Date, the entire principal amount of the Refinancing Indebtedness has matures at least 91 days later than the Maturity Date;
 - (b) such Refinancing Indebtedness is incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness incurred to pay interest, premiums required by the instruments governing such existing Indebtedness or premiums necessary to effectuate such Refinancing, costs associated with amendments or terminations related to Hedging Arrangements related to such Indebtedness and costs, fees and expenses incurred in connection therewith); and
 - (c) if the Indebtedness being refinanced is pari passu in right of payment to the Debentures or any Guarantee, such Refinancing Indebtedness is pari passu in right of payment to the Debentures, or such Guarantee on terms at least as favorable to the Debentureholders as those contained in the documentation governing the Indebtedness being refinanced;
- (88) **“Regulation S”** means Regulation S adopted by the SEC under the *1933 Act*;
- (89) **“Restricted Debentures”** means collectively the Restricted Uncertificated Debentures and Restricted Physical Debentures;
- (90) **“Restricted Physical Debenture”** means a Debenture issued as part of a Debenture Certificate that bears the U.S. Legend;
- (91) **“Restricted Uncertificated Debenture”** means an Uncertificated Debenture that is marked to bear the U.S. Legend;
- (92) **“Sale and Leaseback Transaction”** means, with respect to any Person, any arrangement, directly or indirectly, whereby such Person shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred;

- (93) “**SEC**” has the meaning ascribed thereto in Section 9.12;
- (94) “**Secured Obligations**” means at any time, all direct and indirect, contingent and absolute obligations and liabilities of the Obligor to each of the Trustee and the Debentureholders (or if the context requires, to any Debentureholder) under or in connection with, relating to or arising from this indenture, the Debentures and the Security Documents at such time, specifically including the outstanding principal hereunder, all accrued and unpaid interest thereon, and all fees, expenses and other amounts payable pursuant to this Indenture, the Debentures and the Security Documents;
- (95) “**Securities**” has the meaning ascribed thereto in Section 2.16;
- (96) “**Securities Change of Control**” means any event as a result of or following which any person, or group of persons “acting jointly or in concert” within the meaning of applicable Canadian securities laws, beneficially owns or exercises control or direction over an aggregate of more than 50% of the then outstanding Common Shares;
- (97) “**Security**” means the security constituted by the Security Documents;
- (98) “**Security Documents**” means the general security agreements made by each of the Obligors in favour of the Trustee, the second priority registered charge/mortgage over 2560 Regional Road 19, Scugog, Ontario, and the third priority registered charge/mortgages over 20 Woodslee Avenue, Paris, Ontario and 378 South Service Road, Grimsby, Ontario and any other security agreements, pledges, hypothecs, mortgages, or other instruments pursuant to which the Obligors have granted and from time to time shall grant Liens in the Collateral to the Trustee for and on behalf of the Debentureholders;
- (99) “**Senior Lenders**” means, collectively, NE SPC II LP and 1260356 Ontario Limited and any replacement lender thereto, and “**Senior Lender**” means either of the Senior Lenders;
- (100) “**Senior Secured Debt**” means the principal of, the premium (if any) and interest and other obligations on secured indebtedness, statutory liens (other than statutory liens where the party is defending same in good faith), secured bank or other institutional indebtedness, and secured project indebtedness, in each case owing by the Company, or renewals, extensions and refunding of such indebtedness, including, without limitation: (a) obligations of the Company or its Subsidiaries under any swap, hedging or other similar contracts or arrangements; (b) all costs and expenses incurred by or on behalf of the holder of any Senior Secured Debt in enforcing payment or collection of any such

Senior Secured Debt, including enforcing any security interest securing the same. “Senior Secured Debt” includes the Secured Obligations and any Indebtedness that ranks *pari passu* with or senior to the Debentures;

- (101) “**Senior Secured Debt to Annualized Adjusted EBITDA Ratio**” means, at any time, the ratio of Senior Secured Debt to Annualized Adjusted EBITDA at such time;
- (102) “**Serial Meeting**” has the meaning ascribed thereto in Section 13.2(2)(a);
- (103) “**Stated Maturity**” means the date specified in a Debenture as the date on which the principal of such Debenture or final principal payment with respect to such Debenture is due and payable;
- (104) “**Subsidiary**” has the meaning ascribed thereto in the *Securities Act* (Ontario);
- (105) “**Supplemental Indenture**” means an indenture supplemental to this Indenture pursuant to which, among other things, a Series of Debentures may be authorized for issue or the provisions of this Indenture may be amended or for any other purpose specified in Article 15;
- (106) “**Tax Act**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder, each as amended from time to time;
- (107) “**Time of Expiry**” means the time of expiry of certain rights with respect to the conversion of Debentures under Article 8 which is to be set forth separately in the form and terms for each series of Debentures which by their terms are to be convertible;
- (108) “**trading day**” means, with respect to the TSX or other market for securities, any day on which such exchange or market is open for trading or quotation;
- (109) “**Trustee**” means Computershare Trust Company of Canada, or its successor or successors for the time being as trustee hereunder;
- (110) “**TSX**” means the Toronto Stock Exchange;
- (111) “**Uncertificated Debenture**” means any Debenture which is not issued as part of a Debenture Certificate;
- (112) “**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any state of the United States, or any political subdivision thereof, and the District of Columbia;

- (113) **“Unrestricted Debentures”** means collectively Unrestricted Physical Debentures and Unrestricted Uncertificated Debentures;
- (114) **“Unrestricted Physical Debenture”** means a Debenture issued as part of a Debenture Certificate that does not bear the U.S. Legend;
- (115) **“Unrestricted Uncertificated Debenture”** means an uncertificated Debenture that is not marked to bear the U.S. Legend;
- (116) **“U.S. Legend”** has the meaning ascribed thereto in Section 2.16;
- (117) **“U.S. Person”** means a “U.S. person” within the meaning of Rule 902(k) of Regulation S;
- (118) **“U.S. Purchaser”** means (a) any U.S. Person that purchased Debentures, (b) any person that purchased Debentures on behalf or for the account of any U.S. Person or any person in the United States, (c) any purchaser of Debentures that received an offer for the Debentures while in the United States, (d) any person that was in the United States at the time the purchaser’s buy order was made or the subscription agreement for Debentures was executed or delivered;
- (119) **“U.S. Securities Exchange Act”** means the *United States Securities Exchange Act* of 1934, as amended, and the rules and regulations promulgated thereunder;
- (120) **“VWAP”** means the per share volume weighted average trading price of the Common Shares for the applicable period (which must be calculated utilizing days in which the Common Shares actually trade) on the TSX (or if the Common Shares are no longer traded on the TSX, on such other exchange as the Common Shares are then traded);
- (121) **“Withholding Taxes”** has the meaning ascribed to it in Section 9.11;
- (122) **“Working Capital”** means current assets including accounts receivable, inventory, restricted cash, marketable securities, tax receivables, prepaids and deposits; and
- (123) **“Written Direction of the Company”** means an instrument in writing signed by any one officer or director of the Company.

Section 1.2 Meaning of “Outstanding”

Every Debenture Authenticated and delivered or electronically deposited by the Trustee shall be deemed to be outstanding until it is cancelled, converted or redeemed or

delivered to the Trustee for cancellation, conversion or redemption or monies and/or Common Shares, as the case may be, for the payment thereof shall have been set aside under Section 11.2, provided that:

- (a) Debentures which have been partially redeemed, purchased or converted shall be deemed to be outstanding only to the extent of the unredeemed, unpurchased or unconverted part of the principal amount thereof;
- (b) when a new Debenture has been issued in substitution for a Debenture which has been lost, stolen or destroyed, only one of such Debentures shall be counted for the purpose of determining the aggregate principal amount of Debentures outstanding; and
- (c) for the purposes of any provision of this Indenture entitling holders of outstanding Debentures to vote, sign consents, requisitions or other instruments or take any other action under this Indenture, or to constitute a quorum of any meeting of Debentureholders, Debentures owned directly or indirectly, legally or equitably, by the Company or any Subsidiary of the Company shall be disregarded except that:
 - (i) for the purpose of determining whether the Trustee shall be protected in relying on any such vote, consent, requisition or other instrument or action, or on the holders of Debentures present or represented at any meeting of Debentureholders, only the Debentures which the Trustee knows are so owned shall be so disregarded; and
 - (ii) Debentures so owned which have been pledged in good faith other than to the Company or any Subsidiary of the Company shall not be so disregarded if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Debentures, sign consents, requisitions or other instruments or take such other actions in its discretion free from the control of the Company or a Subsidiary of the Company.

Section 1.3 Interpretation

In this Indenture:

- (a) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa;

- (b) all references to Articles and Schedules refer, unless otherwise specified, to articles of and schedules to this Indenture and to the applicable Supplemental Indenture;
- (c) all references to Sections, subsections or clauses refer, unless otherwise specified, to Sections, subsections or clauses of this Indenture;
- (d) words and terms denoting inclusiveness (such as “include” or “includes” or “including”), whether or not so stated, are not limited by and do not imply limitation of their context or the words or phrases which precede or succeed them;
- (e) 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;
- (f) unless otherwise indicated, reference to a statute shall be deemed to be a reference to such statute as amended, re-enacted or replaced from time to time;
- (g) 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 by including the day on which the period commences and excluding the day on which the period ends; and
- (h) For the avoidance of doubt, any reference to a Permitted Lien shall not serve to subordinate or postpone any Lien created by any Security Documents to such Permitted Lien.

Section 1.4 Headings, etc.

The division of this Indenture into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture or of the Debentures.

Section 1.5 Time of Essence

Time shall be of the essence of this Indenture.

Section 1.6 Monetary References

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of Canada unless otherwise expressed.

Section 1.7 Invalidity, etc.

Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof.

Section 1.8 Language

Each of the parties hereto hereby acknowledges that it has consented to and requested that this Indenture and all documents relating hereto, including, without limiting the generality of the foregoing, the schedules to this Indenture and Supplemental Indentures, be drawn up in the English language only.

Section 1.9 Successors and Assigns

All covenants and agreements of the Company in this Indenture and the Debentures shall bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Trustee in this Indenture shall bind its successors.

Section 1.10 Severability

In case any provision in this Indenture or in the Debentures shall be invalid, illegal or unenforceable, such provision shall be deemed to be severed herefrom or therefrom and the validity, legality and enforceability of the remaining provisions shall not in any way be affected, prejudiced or impaired thereby.

Section 1.11 Entire Agreement

This Indenture and all Supplemental Indentures and Schedules hereto and thereto, and the Debentures issued hereunder and thereunder, together constitute the entire agreement between the parties hereto with respect to the indebtedness created hereunder and thereunder and under the Debentures and supersedes as of the date hereof all prior memoranda, agreements, negotiations, discussions and term sheets, whether oral or written, with respect to the indebtedness created hereunder or thereunder and under the Debentures.

Section 1.12 Benefits of Indenture

Nothing in this Indenture or in the Debentures, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any paying agent, the holders of Debentures and (to the extent provided in Section 10.11) the holders of Common Shares, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.13 Applicable Law and Attornment

This Indenture, any Supplemental Indenture and the Debentures shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts, with respect to any suit, action or proceedings relating to this Indenture, any Supplemental Indenture or any Debenture, the Company, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

Section 1.14 Currency of Payment

Unless otherwise indicated in a Supplemental Indenture with respect to any particular series of Debentures, all payments to be made under this Indenture or a Supplemental Indenture shall be made in Canadian dollars.

Section 1.15 Non-Business Days

Whenever any payment to be made hereunder shall be due, any period of time would begin or end, any calculation is to be made or any other action is to be taken on, or as of, or from a period ending on, a day other than a Business Day, such payment shall be made, such period of time shall begin or end, such calculation shall be made and such other action shall be taken, as the case may be, unless otherwise specifically provided herein, on or as of the next succeeding Business Day without any additional interest, cost or charge to the Company.

Section 1.16 Accounting Terms

Except as hereinafter provided or as otherwise indicated in this Indenture, all calculations required or permitted to be made hereunder pursuant to the terms of this Indenture shall be made in accordance with IFRS. For greater certainty, IFRS shall include any accounting standards that may from time to time be approved for general application by the Canadian Institute of Chartered Accountants.

Section 1.17 Calculations

The Company shall be responsible for making all calculations called for hereunder including, without limitation, calculations of Current Market Price. The Company shall make such calculations in good faith and, absent manifest error, the Company's calculations shall be final and binding on holders and the Trustee. The Company will provide a schedule of its calculations to the Trustee and the Trustee shall be entitled to rely conclusively on the accuracy of such calculations without independent verification.

Section 1.18 Amendment and Restatement

The Company and the Trustee acknowledge and agree that this Indenture amends and restates the Original Indenture. All references to the Original Indenture in any documents delivered to the Trustee pursuant to the Original Indenture or otherwise in connection with the Debentures shall be deemed to refer to this Indenture.

ARTICLE 2 – THE DEBENTURES

Section 2.1 Issue of Global Debentures

- (1) The Company may specify that the Debentures of a series are to be issued in whole or in part as one or more Global Debentures, that may or may not be Book Based Only Debentures, registered in the name of a Depository, or its nominee, designated by the Company in the Written Direction of the Company delivered to the Trustee at the time of issue of such Debentures, and in such event the Company shall execute and the Trustee shall Authenticate and deliver one or more Global Debentures that are not Book Based Only Debentures that shall:
 - (a) represent an aggregate amount equal to the principal amount of the outstanding Debentures of such series to be represented by one or more Global Debentures;
 - (b) be released by the Trustee as instructed by the Company for further delivery to such Depository or pursuant to such Depository's instructions; and
 - (c) bear a legend substantially to the following effect, or as may otherwise be required by the Depository:

“THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE AMENDED AND RESTATED INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE AMENDED AND RESTATED TRUST INDENTURE DATED AS OF THE 27 DAY OF JUNE, 2022 BETWEEN ALEAFIA HEALTH INC.

AND COMPUTERSHARE TRUST COMPANY OF CANADA (THE “**INDENTURE**”). EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“**CDS**”) TO ALEAFIA HEALTH INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND

IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.”

- (2) Each Depository designated for a Global Debenture must, at the time of its designation and at all times while it serves as such Depository, be a clearing agency registered or designated under the Applicable Securities Legislation of the jurisdiction where the Depository has its principal offices.

Section 2.2 Limit of Debentures

The aggregate principal amount of Debentures authorized to be issued under this Indenture is unlimited, but Debentures may be issued only upon and subject to the conditions and limitations herein set forth.

Section 2.3 Terms of Debentures of any Series

- (1) The Debentures may be issued in one or more series. There shall be established herein or in or pursuant to one or more indentures supplemental hereto, prior to the initial issuance of Debentures of any particular series:
 - (a) the designation of the Debentures of the series (which need not include the term “Debentures”), which shall distinguish the Debentures of the series from the Debentures of all other series;
 - (b) any limit upon the aggregate principal amount of the Debentures of the series that may be Authenticated and delivered under this Indenture (except for Debentures Authenticated and delivered upon registration of, transfer of, amendment of, or in exchange for, or in lieu of, other Debentures of the series pursuant to Section 2.10, Section 2.11, Section 7.1 and Section 7.6 and Article 8);
 - (c) the date or dates on which the principal of the Debentures of the series is payable;
 - (d) the rate or rates at which the Debentures of the series shall bear interest, if any, the date or dates from which such interest shall accrue, on which such interest shall be payable and on which record date, if any, shall be taken for the determination of holders to whom such interest shall be payable and/or the method or methods by which such rate or rates or date or dates shall be determined;
 - (e) the place or places where the principal of and any interest on Debentures of the series shall be payable or where any Debentures of the series may be surrendered for registration of transfer or exchange;
 - (f) the right, if any, of the Company to redeem Debentures of the series, in whole or in part, at its option and the period or periods within which, the price or prices at which and any terms and conditions upon which, Debentures of the series may be so redeemed;
 - (g) the obligation, if any, of the Company to redeem, purchase or repay Debentures of the series pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of a holder thereof and the price or prices at which, the period or periods within which, the date or dates on which, and any terms and conditions upon which, Debentures of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligations;

- (h) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which Debentures of the series shall be issuable;
 - (i) subject to the provisions of this Indenture, any trustee, Depositories, authenticating or paying agents, transfer agents or registrars or any other agents with respect to the Debentures of the series;
 - (j) any other events of default or covenants with respect to the Debentures of the series;
 - (k) whether and under what circumstances the Debentures of the series will be convertible into or exchangeable for securities of any Person;
 - (l) the form and terms of the Debentures of the series;
 - (m) if applicable, that the Debentures of the series shall be issuable in certificated or uncertificated form;
 - (n) if other than Canadian currency, the currency in which the Debentures of the series are issuable; and
 - (o) any other terms of the Debentures of the series (which terms shall not be inconsistent with the provisions of this Indenture).
- (2) All Debentures of any one series shall be substantially identical, except as may otherwise be established herein or by or pursuant to a resolution of the Board of Directors, Officer's Certificate or in an indenture supplemental hereto. All Debentures of any one series need not be issued at the same time and may be issued from time to time, including pursuant to a Periodic Offering, consistent with the terms of this Indenture, if so provided herein, by or pursuant to such resolution of the Board of Directors, Officer's Certificate or in an indenture supplemental hereto.

Section 2.4 Form of Debentures

The Debentures of each series shall be substantially in such form or forms (not inconsistent with this Indenture) as shall be established herein or by or pursuant to one or more resolutions of the Board of Directors (or to the extent established pursuant to, rather than set forth in, a resolution of the Board of Directors, in an Officer's Certificate detailing such establishment) or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the

provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform to general usage, all as may be determined by the directors or officers of the Company executing such Debentures on behalf of the Company, as conclusively evidenced by their execution of such Debentures.

Section 2.5 Certification and Delivery of Debentures

The Company may from time to time request the Trustee to Authenticate and deliver Debentures of any series by delivering to the Trustee the documents referred to below in this Section 2.5 whereupon the Trustee shall Authenticate such Debentures and cause the same to be delivered in accordance with the Written Direction of the Company referred to below or pursuant to such procedures acceptable to the Trustee as may be specified from time to time by a Written Direction of the Company. The maturity date, issue date, interest rate (if any) and any other terms of the Debentures of such series shall be set forth in or determined by or pursuant to such Written Direction of the Company and procedures. In Authenticating such Debentures, the Trustee shall be entitled to receive and shall be fully protected in relying upon, unless and until such documents have been superseded or revoked in writing:

- (a) an Officer's Certificate or executed Supplemental Indenture by or pursuant to which the form and terms of such Debentures were established;
- (b) a Written Direction of the Company requesting certification and delivery of such Debentures and setting forth delivery instructions, provided that, with respect to Debentures of a series subject to a Periodic Offering:
 - (i) such Written Direction of the Company may be delivered by the Company to the Trustee prior to the delivery to the Trustee of such Debentures of such series for certification and delivery;
 - (ii) the Trustee shall Authenticate and deliver Debentures of such series for original issue from time to time, in an aggregate principal amount not exceeding the aggregate principal amount, if any, established for such series, pursuant to a Written Direction of the Company or pursuant to procedures acceptable to the Trustee as may be specified from time to time by a Written Direction of the Company; and

- (iii) the maturity date or dates, issue date or dates, interest rate or rates (if any) and any other terms of Debentures of such series shall be determined by an executed Supplemental Indenture or by Written Direction of the Company or pursuant to such procedures.
- (c) an opinion of Counsel, in form and substance satisfactory to the Trustee, acting reasonably, to the effect that all requirements imposed by this Indenture and any applicable Supplemental Indenture and and by law in connection with the proposed issue of Debentures have been complied with, subject to the delivery of certain documents or instruments specified in such opinion; and
- (d) an Officer's Certificate (which Officer's Certificate shall be in such form that satisfies all applicable laws) certifying that the Company is not in default under this Indenture and any applicable supplemental Indenture, that the terms and conditions for the certification and delivery of Debentures (including those set forth in Section 15.4), have been complied with subject to the delivery of any documents or instruments specified in such Officer's Certificate and that no Event of Default exists or will exist upon such certification and delivery.

Section 2.6 Change of Control

- (1) Upon the occurrence of a Change of Control, and subject to the provisions and conditions of this Section 2.6(1) the Company shall be obligated to offer to purchase or convert all of the outstanding Debentures on the following terms and conditions:
 - (a) Within 30 calendar days following the occurrence of a Change of Control, the Company shall deliver to the Trustee, and the Trustee shall promptly deliver to the holders of the Debentures, a notice stating that there has been a Change of Control and specifying the date on which such Change of Control occurred and the circumstances or events giving rise to such Change of Control (a "**Change of Control Notice**"). Prior to the Change of Control Purchase Date (as defined below), each Debentureholder shall, in its sole discretion, have the right to require the Company to repurchase all or a portion of its Debentures on the date that is 30 calendar days following the giving of the Change of Control Notice ("**Change of Control Purchase Date**"), in accordance with the following terms and conditions:

- (i) if the aggregate consideration to be paid by a Change of Control Offeror for the Common Shares, in the event of a Securities Change of Control, or assets of the Company, in the event of an Asset Change of Control (the “**Change of Control Consideration**”), consists solely of cash (a “**Cash Offer**”), the Company shall be obligated to offer to repurchase the Debentures in cash at a price equal to 101% of the principal amount of Debentures then outstanding plus accrued and unpaid interest thereon (the “**Cash Offer Price**”);
 - (ii) if the Change of Control Consideration consists of a combination of cash and securities and the percentage of the Change of Control Consideration which consists of cash (the “**Cash Percentage**”) represents not more than 15% of the total Change of Control Consideration, the Company shall be obligated to offer to repurchase 15% of the principal amount of Debentures in cash at a price equal to 101% of 15% of the principal amount of Debentures then outstanding plus accrued and unpaid interest thereon (the “**15% Cash Offer Price**”), and the remaining 85% of the principal amount of Debentures, plus accrued and unpaid interest thereon, shall remain outstanding in accordance with their terms;
 - (iii) if the Change of Control Consideration consists of a combination of cash and securities and the Cash Percentage is greater than 15% of the total Change of Control Consideration, the Company shall be obligated to offer to repurchase that percentage of the principal amount of Debentures then outstanding as is equal to the Cash Percentage in cash at a price equal to 101% of the principal amount of such Debentures plus accrued and unpaid interest thereon (the “**Proportionate Cash Offer Price**” and, collectively with the Cash Offer Price and the 15% Cash Offer Price, the “**Offer Price**”), and the remaining principal amount of Debentures, plus accrued and unpaid interest thereon, shall remain outstanding in accordance with their terms;
 - (iv) (the “**Change of Control Offer**”).
- (b) In the event of a Change of Control Offer that is a Cash Offer, if 90% or more in aggregate principal amount of Debentures outstanding on the date the Company provides the Change of Control Notice to holders of the Debentures have been surrendered for purchase pursuant to the

Change of Control Offer on the expiration thereof, the Company has the right upon written notice provided to the Trustee within 10 Business Days following the expiration of the Change of Control Offer, to redeem all the Debentures remaining outstanding on the expiration of the Change of Control Offer at the Cash Offer Price as at the Change of Control Purchase Date (the “**90% Redemption Right**”).

- (c) Upon receipt of notice that the Company has exercised or is exercising the 90% Redemption Right and is acquiring the remaining Debentures:
 - (i) the Trustee shall promptly provide written notice to each Debentureholder that did not previously accept the Change of Control Offer that the Company has exercised the 90% Redemption Right and is purchasing all outstanding Debentures effective on the expiry of the Change of Control Offer at the Cash Offer Price, and shall include a calculation of the amount payable to such holder as payment of the Cash Offer Price as at the Change of Control Purchase Date;
 - (ii) each such holder must transfer their Debentures to the Trustee on the same terms as those holders that accepted the Change of Control Offer and must send their respective Debentures, duly endorsed for transfer, to the Trustee within 10 calendar days after receipt of such notice; and
 - (iii) the rights of such holder under the terms of the Debentures and this Indenture cease effective as of the date of expiry of the Change of Control Offer provided the Company has, on or before the time of notifying the Trustee of the exercise of the 90% Redemption Right, paid the Cash Offer Price to, or to the order of, the Trustee and thereafter the Debentures shall not be considered to be outstanding and the holder shall not have any right except to receive such holder’s Cash Offer Price upon surrender and delivery of such holder’s Debentures in accordance with the Indenture.
- (d) The Company shall, on or before 11:00 a.m. (Toronto Time) on the Business Day immediately prior to the Change of Control Purchase Date, deposit with the Trustee or any paying agent to the order of the Trustee, such sums of money as may be sufficient to pay the Offer Price of the Debentures to be purchased or redeemed by the Company on the Change of Control Purchase Date (less any tax required by law to be deducted in respect of accrued and unpaid interest), provided the

Company may elect to satisfy this requirement by providing the Trustee with a certified cheque or wire transfer for such amounts required under this Section 2.6(1)(d) post-dated to the date of expiry of the Change of Control Offer. The Company shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with such purchase. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid to the holders of such Debentures, the Offer Price to which they are entitled (less any tax required by law to be deducted in respect of accrued and unpaid interest) on the Company's purchase.

- (e) In the event that one or more of such Debentures being purchased in accordance with this Section 2.6(1) becomes subject to purchase in part only, upon surrender of such Debentures for payment of the Offer Price, the Company shall execute and the Trustee shall Authenticate and deliver without charge to the holder thereof or upon the holder's order, one or more new Debentures for the portion of the principal amount of the Debentures not purchased.
- (f) Debentures for which holders have accepted the Change of Control Offer and Debentures which the Company has elected to redeem in accordance with this Section 2.6(1) shall become due and payable at the Offer Price on the Change of Control Purchase Date, in the same manner and with the same effect as if it were the date of maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after the Change of Control Purchase Date, if the money necessary to purchase or redeem, or the Common Shares necessary to purchase or redeem, the Debentures shall have been deposited as provided in this Section 2.6(1) and affidavits or other proofs satisfactory to the Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest on the Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Trustee whose decision shall be final and binding upon all parties in interest.
- (g) In case the holder of any Debenture to be purchased or redeemed in accordance with this Section 2.6(1) shall fail on or before the Change of Control Purchase Date to so surrender such holder's Debenture or shall not within such time accept payment of the monies payable, to take delivery of certificates representing such Common Shares issuable in respect thereof, or give such receipt therefor, if any, as the Trustee may

require, such monies may be set aside in trust, or such certificates may be held in trust, without interest, either in the deposit department of the Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum or the Common Shares so set aside and the Debentureholder shall have no other right except to receive payment of the monies so paid and deposited, or take delivery of the certificates so deposited, or both, upon surrender and delivery of such holder's Debenture. In the event that any money or certificates representing Common Shares required to be deposited hereunder with the Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder shall remain so deposited for a period of six years from the Change of Control Purchase Date, then such monies, or certificates representing Common Shares, together with any accumulated interest thereon, or any distributions paid thereon, shall at the end of such period be paid over or delivered over by the Trustee or such depository or paying agent to the Company and the Trustee shall not be responsible to Debentureholders for any amounts owing to them.

- (h) Subject to the provisions above related to Debentures purchased in part, all Debentures redeemed and paid under this Section 2.6(1) shall forthwith be delivered to the Trustee and cancelled and no Debentures shall be issued in substitution therefor.

A Debenture in respect of which a holder has accepted a notice in respect of a Change of Control Offer pursuant to the provisions of this Section 2.6 may be surrendered for conversion only if such notice is withdrawn in accordance with this Indenture.

Section 2.7 Non-Certificated Deposit

- (1) Subject to the provisions hereof, at the Company's option, Debentures may be issued and registered in the name of CDS or its nominee and:
 - (a) the deposit of which may be confirmed electronically by the Trustee to a particular Participant through CDS; and
 - (b) shall be identified by a specific CUSIP/ISIN as requested by the Company from CDS to identify each specific series of Debentures.
- (2) If the Company issues Debentures in a non-certificated format, Beneficial Holders of such Debentures registered and deposited with CDS shall not receive Debenture Certificates in definitive form and shall not be considered owners or

holders thereof under this Indenture or any Supplemental Indenture. Beneficial interests in Debentures registered and deposited with CDS will be represented only through the non-certificated inventory system administered by CDS. Transfers of Debentures registered and deposited with CDS between Participants shall occur in accordance with the rules and procedures of CDS. Neither the Company nor the Trustee shall have any responsibility or liability for any aspects of the records relating to or payments made by CDS or its nominee, on account of the beneficial interests in Debentures registered and deposited with CDS. Nothing herein shall prevent the Beneficial Holders of Debentures registered and deposited with CDS from voting such Debentures using duly executed proxies or voting instruction forms.

- (3) All references herein to actions by, notices given or payments made to Debentures shall, where Debentures are held through CDS, refer to actions taken by, or notices given or payments made to, CDS upon instruction from the Participants in accordance with its rules and procedures. For the purposes of any provision hereof requiring or permitting actions with the consent of or the direction of Debentureholders evidencing a specified percentage of the aggregate Debentures outstanding, such direction or consent may be given by Beneficial Holders acting through CDS and the Participants owning Debentures evidencing the requisite percentage of the Debentures. The rights of a Beneficial Holder whose Debentures are held through CDS shall be exercised only through CDS and the Participants and shall be limited to those established by law and agreements between such holders and CDS and the Participants upon instructions from the Participants. Each of the Trustee and the Company may deal with CDS for all purposes (including the making of payments as the authorized representative of the respective Debentures and such dealing with CDS shall constitute satisfaction or performance, as applicable, of their respective obligations hereunder.
- (4) For so long as Debentures are held through CDS, if any notice or other communication is required to be given to Debentureholders, the Trustee will give such notices and communications to CDS.
- (5) If CDS resigns or is removed from its responsibility as Depository and the Trustee is unable or does not wish to locate a qualified successor, CDS shall provide the Trustee with instructions for registration of Debentures in the names and in the amounts specified by CDS and the Company shall issue and the Trustee shall Authenticate and deliver the aggregate number of Debentures then outstanding in the form of definitive Debentures Certificates representing such Debentures.

- (6) The rights of Beneficial Holders who hold securities entitlements in respect of the Debentures through non-certificated inventory system administered by CDS shall be limited to those established by applicable law and agreements between the Depository and the Participants and between such Participants and the Beneficial Holders who hold securities entitlements in respect of the Debentures through the non-certificated inventory system administered by CDS, and such rights must be exercised through a Participant in accordance with the rules and procedures of the Depository.
- (7) Notwithstanding anything herein to the contrary, none of the Company nor the Trustee nor any agent thereof shall have any responsibility or liability for:
- (a) the electronic records maintained by the Depository relating to any ownership interests or other interests in the Debentures or the depository system maintained by the Depository, or payments made on account of any ownership interest or any other interest of any Person in any Debenture represented by an electronic position in the non-certificated inventory system administered by CDS (other than Depository or its nominee);
 - (b) for maintaining, supervising or reviewing any records of the Depository or any Participant relating to any such interest; or
 - (c) any advice or representation made or given by the Depository or those contained herein that relate to the rules and regulations of the Depository or any action to be taken by the Depository on its own direction or at the direction of any Participant.
- (8) The Debentures will be issued to Beneficial Holders in a Debenture Certificate only if:
- (a) they are required to be so issued by applicable law;
 - (b) the book-entry only system ceases to exist;
 - (c) the Company or CDS advises the Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Debentures and the Company is unable to locate a qualified successor;
 - (d) the Company, at its option, decides to terminate the book-entry only system through CDS; or

- (e) after the occurrence of an Event of Default, Participants acting on behalf of Beneficial Holders representing, in the aggregate, not less than 50% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest, provided the Trustee has not waived the Event of Default in accordance with this Indenture.
- (9) Upon the occurrence of any of the events described in Section 2.7(8) and receipt of a written notice from the Company confirming such event has occurred, the Trustee must notify CDS, for and on behalf of Participants and Beneficial Holders, of the availability of Debenture Certificates. Upon receipt of instructions from CDS for the new registrations, the Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter the Company will recognize the holders of such Debenture Certificates as Debentureholders under this Indenture. If Debenture Certificates are issued: (a) interest will be paid by cheque drawn on the Company and sent by prepaid mail to the registered holder or by such other means as may become customary for the payment of interest; and (b) payment of principal and premium, if any, and interest due at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in this Indenture.
- (10) The Company may terminate the application of this Section 2.6 in its sole discretion in which case the Company shall issue or shall cause to be issued Debenture Certificates representing all Debentures registered in the names of the Persons who beneficially own such Debentures and deliver or cause to be delivered such Debenture Certificates to such Persons.

Section 2.8 Execution of Debentures

All Debentures shall be signed (either manually or by facsimile or other electronic signature) by any one authorized director or officer of the Company holding office at the time of signing. A facsimile or electronic signature upon a Debenture shall for all purposes of this Indenture be deemed to be the signature of the Person whose signature it purports to be. Notwithstanding that any Person whose signature, either manual or in facsimile or electronic form, appears on a Debenture as a director or officer may no longer hold such office at the date of the Debenture or at the date of the certification and delivery thereof, such Debenture shall be valid and binding upon the Company and entitled to the benefits of this Indenture.

Section 2.9 Certification

- (1) No Debenture shall be issued or, if issued, shall be obligatory or shall entitle the holder to the benefits of this Indenture, until it has been Authenticated, subject

to Section 2.9(3), by or on behalf of the Trustee substantially in the form set out in this Indenture, in the relevant Supplemental Indenture, or in some other form approved by the Trustee. Such Authentication on any Debenture shall be conclusive evidence that such Debenture is duly issued, is a valid obligation of the Company and the holder is entitled to the benefits hereof. Debentures will be authenticated on a Written Direction of the Company.

- (2) The certificate of the Trustee signed on the Debentures, or interim Debentures hereinafter mentioned, and the Authentication of Uncertificated Debentures, shall not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of the Debentures or interim Debentures or as to the issuance of the Debentures or interim Debentures and the Trustee shall in no respect be liable or answerable for the use made of the Debentures or interim Debentures or any of them or the proceeds thereof. The Authentication of the Trustee on the Debentures or interim Debentures, and the Authentication of Uncertificated Debentures, shall, however, be a representation and warranty by the Trustee that the Debentures or interim Debentures have been duly Authenticated by or on behalf of the Trustee pursuant to the provisions of this Indenture.
- (3) The Trustee shall Authenticate Uncertificated Debentures and the Company shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Debentures under this Indenture. Such authentication shall be conclusive evidence that such Uncertificated Debentures have been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Debentures with respect to which this Indenture requires the Trustee to maintain records or accounts. In case of differences between the register at any time and any other time the register at the later time shall be controlling, absent manifest error and such Uncertificated Debentures are binding on the Company.

Section 2.10 Interim Debentures or Certificates

Pending the delivery of definitive Debentures of any series to the Trustee, the Company may issue and the Trustee Authenticate in lieu thereof interim Debentures in such forms and in such denominations and signed in such manner as provided herein, entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; or the Company may execute and the Trustee Authenticate a temporary Debenture for the whole principal amount of Debentures of the series then authorized to be issued hereunder and deliver the same to the Trustee and thereupon the Trustee may issue its own interim certificates in such form and in such amounts, not exceeding in the aggregate the principal amount of the temporary Debenture so delivered to it, as the

Company and the Trustee may approve entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; and, when so issued and certified, such interim or temporary Debentures or interim certificates shall, for all purposes but without duplication, rank in respect of this Indenture equally with Debentures duly issued hereunder and, pending the exchange thereof for definitive Debentures, the holders of the interim or temporary Debentures or interim certificates shall be deemed without duplication to be Debentureholders and entitled to the benefit of this Indenture to the same extent and in the same manner as though the said exchange had actually been made. Forthwith after the Company shall have delivered the definitive Debentures to the Trustee, the Trustee shall cancel such temporary Debentures, if any, and shall call in for exchange all interim Debentures or certificates that shall have been issued and forthwith after such exchange shall cancel the same. No charge shall be made by the Company or the Trustee to the holders of such interim or temporary Debentures or interim certificates for the exchange thereof. All interest paid upon interim or temporary Debentures or interim certificates shall be noted thereon as a condition precedent to such payment unless paid by cheque to the registered holders thereof.

Section 2.11 Mutilation, Loss, Theft or Destruction

In case any of the Debentures issued hereunder shall become mutilated or be lost, stolen or destroyed, the Company shall issue, and thereupon the Trustee shall Authenticate and deliver, a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Trustee and shall be entitled to the benefits of this Indenture and rank equally in accordance with its terms with all other Debentures issued or to be issued hereunder. In case of loss, theft or destruction the applicant for a substituted Debenture shall furnish to the Company and to the Trustee such evidence of the loss, theft or destruction of the Debenture as shall be satisfactory to them in their discretion, acting reasonably, and shall also furnish an indemnity and surety bond satisfactory to them in their discretion, acting reasonably. The applicant shall pay all reasonable expenses incidental to the issuance of any substituted Debenture.

Section 2.12 Concerning Interest

- (1) All Debentures issued hereunder, whether originally or upon exchange or in substitution for previously issued Debentures which are interest bearing, shall bear interest (i) from and including their issue date, or (ii) from and including the last Interest Payment Date to which interest shall have been paid or made available for payment on the outstanding Debentures of that series, whichever shall be the later, or, in respect of Debentures subject to a Periodic Offering, from and including their issue date or from and including the last Interest Payment Date to which interest shall have been paid or made available for

payment on such Debentures, in all cases, to and excluding the next Interest Payment Date.

- (2) Unless otherwise specifically provided in the terms of the Debentures of any series, interest shall be computed on the basis of a year of 360 calendar days comprised of twelve 30-day months. With respect to any series of Debentures, whenever interest is computed on the basis of a year (the “**deemed year**”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

Section 2.13 Debentures to Rank Pari Passu

Subject to the provisions of this Indenture, all Debentures as soon as issued and certified in accordance with this Indenture (regardless of their actual date or terms of issue), shall rank *pari passu* and be secured equally and proportionately without discrimination or preference as if all the Debentures had been issued and certified simultaneously.

Section 2.14 Payments of Interest

Unless otherwise specifically provided in the terms of the Debentures of any series, as interest becomes due on each Debenture, the Company shall, on or before 11:00 a.m. (Toronto Time) on the Business Day immediately prior to each Interest Payment Date, deliver to the Trustee, a certified cheque or wire transfer in an amount sufficient to pay such interest as is payable in respect of such Debentures. Upon receipt of such interest payment from the Company, the Trustee, on behalf of the Company, will pay each holder entitled to receive payment of interest in such manner as provided herein.

Section 2.15 Payments of Amounts Due on Maturity

Except as may otherwise be provided herein or in any Supplemental Indenture in respect of any series of Debentures, payments of amounts due upon maturity of the Debentures will be made in the following manner. The Company will establish and maintain with the Trustee a Maturity Account for each series of Debentures. Each such Maturity Account shall be maintained by and be subject to the control of the Trustee for the purposes of this Indenture. On or before 11:00 a.m. (Toronto Time) on the Business Day immediately prior to each Maturity Date for Debentures outstanding from time to time under this Indenture, the Company will deliver to the Trustee a certified cheque or wire transfer for deposit in the applicable Maturity Account in an amount sufficient to pay the cash amount payable in respect of such Debentures (including the principal amount together with any accrued and unpaid interest thereon less any tax required by law to be

deducted). The Trustee, on behalf of the Company, will pay to each holder entitled to receive payment the principal amount of and premium (if any) and accrued and unpaid interest on the Debenture, upon surrender of the Debenture at any branch of the Trustee designated for such purpose from time to time by the Company and the Trustee. The delivery of such funds to the Trustee for deposit to the applicable Maturity Account will satisfy and discharge the liability of the Company for the Debentures to which the delivery of funds relates to the extent of the amount delivered (plus the amount of any tax deducted as aforesaid) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so delivered or made available the amount to which it is entitled.

Section 2.16 Canadian Private Placement Legend

- (1) The Debentures and the Common Shares issuable upon conversion thereof, have not been qualified for sale to the public under Applicable Securities Legislation. If issued as one or more Debenture Certificate(s), the Debentures and, if issued upon conversion of the Debentures before October 28, 2022, the Common Shares issuable upon conversion of the Debentures, shall bear a legend in the following form unless, in any such case, the Corporation determines that such legend is not required by Applicable Securities Legislation in order to permit the holder to freely trade such Debentures (the “**Canadian Legend**”):

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS 4 MONTHS AND A DAY AFTER THE DISTRIBUTION DATE].

Section 2.17 U.S. Legend

- (1) The Debentures and the Common Shares issuable upon conversion thereof (collectively, the “**Securities**”) have not been and will not be registered under the *1933 Act* or state securities laws. Subject to Section 2.17(3), all Debentures originally issued and sold to U.S. Purchasers in reliance on exemptions from registration under the *1933 Act*, as well as the Common Shares issuable upon conversion, redemption or maturity thereof, shall be “restricted securities” within the meaning assigned to that term in Rule 144(a)(3) under the *1933 Act*, and must be issued in certificated form, and, until such time as the same is no longer required under applicable requirements of the *1933 Act* or state securities laws, shall bear the following legend (the “**U.S. Legend**”):

THE SECURITIES REPRESENTED HEREBY [For
Debentures: AND THE SECURITIES DELIVERABLE UPON

CONVERSION HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE *UNITED STATES SECURITIES ACT* OF 1933, AS AMENDED (THE “*U.S. SECURITIES ACT*”) OR U.S. STATE SECURITIES LAWS. BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, THE HOLDER AGREES FOR THE BENEFIT OF ALEAFIA HEALTH INC. (THE “COMPANY”) THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO COMPANY; OR (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE *U.S. SECURITIES ACT*, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; OR (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE *U.S. SECURITIES ACT* PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS; OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE *U.S. SECURITIES ACT* OR ANY APPLICABLE STATE SECURITIES LAWS; OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE *U.S. SECURITIES ACT*, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “**GOOD DELIVERY**” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

provided that if the Debentures or Common Shares are being sold in compliance with the requirements of Rule 904 of Regulation S and in compliance with Canadian local laws and regulations, and provided that the Company is a “foreign issuer” within the meaning of Rule 902(e) of Regulation S at the time of issuance of the Debentures or Common Shares, as applicable, such Securities may be transferred to an unrestricted CUSIP or the U.S. Legend may be removed by providing a declaration to the Trustee or the Company’s transfer agent, as

applicable, substantially as set forth in paragraph 2 of Schedule D to the applicable Supplemental Indenture (or as the Company, and/or the Trustee or the Company's transfer agent, as applicable, may prescribe from time to time), together with any other evidence reasonably requested by the Company, and/or Trustee or the Company's transfer agent, as applicable, which evidence may include an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Company, and the Trustee or the Company's transfer agent, as applicable, to the effect that the transfer is being made in compliance with Rule 904 of Regulation S; and provided further that, if any Debentures or Common Shares are being sold in accordance with Rule 144 under the *1933 Act*, if available, the Debentures or Common Shares, as applicable, may be transferred into an unrestricted CUSIP or the U.S. Legend may be removed by delivery to the Trustee of an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Company, and the Trustee or the Company's transfer agent, as applicable, that the Debentures or Common Shares no longer required a restricted CUSIP, if applicable, or the U.S. Legend is no longer required under applicable requirements of the *1933 Act* or applicable state securities laws. Provided that the Trustee or, if applicable, the Company's transfer agent obtains confirmation from the Company that such counsel is satisfactory to it, it shall be entitled to rely on such opinion of counsel without further inquiry.

- (2) The parties hereto hereby acknowledge and agree that the Securities may not be reoffered, or resold, pledged or otherwise transferred except: (i) to the Company; (ii) outside the United States in accordance with Regulation S and in compliance with applicable local laws and regulations; (iii) in compliance with the exemption from registration under the *1933 Act* provided by (A) Rule 144 under the *1933 Act*, if available, or (B) Rule 144A under the *1933 Act*, if available, and, in each case, in accordance with applicable state securities laws; or (iv) in a transaction that does not require registration under the *1933 Act* or any applicable state securities laws.
- (3) Notwithstanding Section 2.17(1), provided that a Qualified Institutional Buyer acquiring the Debentures has duly executed and delivered a Qualified Institutional Buyer Letter, such Debentures shall be included in the Unrestricted Debentures, and any Common Shares issued to such Qualified Institutional Buyer upon conversion of such Debentures shall neither be required to be issued under a restricted CUSIP nor bear a U.S. Legend; provided, however, that such Debentures and the underlying Common Shares shall be subject to the Restricted Security Agreements as defined and set forth in the Qualified Institutional Buyer Letter.

- (4) Prior to the issuance of the Debentures, the Company shall notify the Trustee, in writing, concerning which Debentures are to be included in the Restricted Debentures which shall bear the U.S. Legend. The Trustee will thereafter maintain a list of all registered holders from time to time of such legended Debentures.

ARTICLE 3 – REDEMPTION AND PURCHASE OF DEBENTURES

Section 3.1 Redemption

The Company, when not in default hereunder, shall have the right, at its option, to redeem, in whole or in part, at any time and from time to time before Stated Maturity, Debentures of any series that by their terms are made so redeemable, at such rate or rates of Premium, on such date or dates and on such terms and conditions as shall have been determined at the time of issue of such Debentures and as shall be expressed in such Debentures or in the Supplemental Indenture authorizing or providing for the issue thereof.

Section 3.2 Partial Redemption of Debentures

If less than all of the Debentures of a Series for the time being outstanding are to be redeemed, the Company shall, at least 30 days and not more than 60 days before the date upon which notice of redemption is to be given to Debentureholders of such Debentures, notify the Trustee in writing of the Company's intention to redeem Debentures of such Series and of the aggregate principal amount of Debentures to be redeemed. The Debentures to be redeemed shall be selected by the Trustee on a pro rata basis (to the nearest multiple of \$1,000) in accordance with the principal amount of Debentures of such Series registered in the name of each Debentureholder. For this purpose the Trustee may make regulations with regard to the manner in which such Debentures may be so selected, and regulations so made shall be valid and binding upon all Debentureholders. Debentures in denominations in excess of \$1,000 may be selected and called for redemption in part only (such part being \$1,000 or an integral multiple thereof), and, unless the context otherwise requires, reference to Debentures in this Article 3 shall be deemed to include any such part of the principal amount of Debentures which shall have been so selected and called for redemption. The Debentureholder of any Debenture called for redemption in part only, upon surrender of such Debenture for payment, shall be entitled to receive, without expense to such Debentureholder, one or more new Debentures for the unredeemed part of the Debenture so surrendered, and the Trustee shall certify and deliver such new Debenture or Debentures upon receipt of the Debenture so surrendered.

Section 3.3 Notice of Redemption

Notice of intention to redeem any Debentures shall be given by or on behalf of the Company to the Debentureholders of the Debentures which are to be redeemed, not less than 45 days prior to the date fixed for redemption (the “Redemption Date”), in the manner provided in Section 14.2. Every notice of redemption shall specify the Series and the Stated Maturity of the Debentures called for redemption, the Redemption Date, the Redemption Price or, where applicable only, the date upon which the Redemption Price shall be calculated in connection with the Debentures called for redemption (“Redemption Price Calculation Date”) and the place or places of payment, and shall state that all interest thereon shall cease from and after the Redemption Date. In addition, unless all the outstanding Debentures of a Series are to be redeemed, the notice of redemption shall specify:

- a) in the case of a notice mailed to a Debentureholder, the distinguishing letters and numbers of the Debentures which are to be redeemed (or of such thereof as are registered in the name of such Debentureholder);
- b) in the case of a published notice, the distinguishing letters and numbers of the Debentures which are to be redeemed or, if such Debentures are selected by terminal digit or other similar system, such particulars as may be sufficient to identify the Debentures so selected;
- c) in the case of Book Entry Only Debentures, that the redemption shall take place in such manner as may be agreed by the Depository, the Trustee and the Company; and
- d) in all cases, the principal amount of each Debenture to be redeemed or, if any such Debenture is to be redeemed in part only, the principal amount of such part.

If a notice of redemption specifies a Redemption Price Calculation Date for any Debentures, the Company shall deliver to the Trustee, not later than the second Business Day prior to the Redemption Date for such Debentures, a certificate of the Company which specifies the Redemption Price of such Debentures.

Section 3.4 Debentures Due on Redemption Date

Upon notice of redemption having been given as specified in Section 3.3, all the Debentures so called for redemption shall thereupon be and become due and payable at the Redemption Price and on the Redemption Date specified in such notice, in the same manner and with the same effect as if such date was the Stated Maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after such Redemption Date, if the money necessary to redeem such Debentures shall

have been deposited as provided in Section 9.2 and affidavits or other proof satisfactory to the Trustee as to the publication or mailing of such notice shall have been lodged with the Trustee, such Debentures shall not be considered as outstanding hereunder and interest upon such Debentures shall cease.

If any question shall arise as to whether any notice has been given as required or any deposit has been made, such question shall be decided by the Trustee, whose decision shall be final and binding upon all parties in interest.

Section 3.5 Purchase of Debentures

The Company may, at any time when it is not in default hereunder, purchase all or any of the Debentures in the market (which shall include purchase from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract, at any price from time to time. All Debentures so purchased shall forthwith be delivered to the Trustee, prior to any payment, and shall be cancelled by it and, subject to the following paragraph of this Section 3.5, no Debentures shall be issued in substitution therefor.

If, upon an invitation for tenders, more Debentures are tendered at the same lowest price than the Company is prepared to accept, the Debentures to be purchased by the Company shall be selected by the Trustee, in such manner (which may include selection by lot, selection on a pro rata basis, random selection by computer or any other method) as the Trustee considers appropriate, from the Debentures tendered by each tendering Debentureholder who tendered at such lowest price. For this purpose the Trustee may make, and from time to time amend, regulations with respect to the manner in which Debentures may be so selected, and regulations so made shall be valid and binding upon all Debentureholders, notwithstanding the fact that, as a result thereof, one or more of such Debentures become subject to purchase in part only. The Debentureholder of a Debenture of which a part only is purchased, upon surrender of such Debenture for payment, shall be entitled to receive, without expense to such Debentureholder, one or more new Debentures for the unpurchased part so surrendered, and the Trustee shall certify and deliver such new Debenture or Debentures upon receipt of the Debenture so surrendered.

Section 3.6 Mandatory Redemption of Debentures

At any time the Debentures remain outstanding, the Debentures shall be redeemed by the Company, at par, in whole or in part from time to time in an amount equal to 100% of the Net Cash Proceeds received by the Company or any Guarantor from any Disposition of Collateral, to the extent such Net Cash Proceeds from such Disposition are not required to be applied to repay or redeem other Senior Secured Debt which is senior to the Debentures in accordance with the terms governing such Senior Secured

Debt, if the Net Cash Proceeds received from such Disposition are, together with the Net Cash Proceeds received from all other Dispositions made since the Closing Date, equal to or greater than \$500,000; provided that the Company may, at its sole discretion, elect to (x) reinvest such Net Cash Proceeds in replacement assets of the Company and the Guarantors within 365 days from the date of completion of such Disposition, in which case such reinvested Net Cash Proceeds shall not count in any future calculation of such \$500,000 basket or (y) use such Net Cash Proceeds to redeem the Debentures in accordance with this Section 3.3 if not so reinvested within such 365-day period.

Section 3.7 Cancellation of Debentures

Subject to the provisions of Section 3.2, Section 3.5 and Section 3.6 as to Debentures redeemed or purchased in part, all Debentures redeemed or purchased in whole or in part by the Company shall not be reissued or resold and shall be forthwith delivered to and cancelled by the Trustee, and no Debentures of the same Series shall be issued in substitution therefor.

ARTICLE 4 SECURITY

Section 4.1 Security.

- (1) To secure the due payment of all principal monies, interest (including interest on overdue principal and interest) and other monies for the time being and from time to time owing under this indenture and/or under the Debentures and the performance of the obligations of the Company herein and therein contained, the Company shall deliver or cause to be delivered to the Trustee the Security Documents and the Guarantees on the Closing Date.
- (2) In the event that any Person is required to provide a guarantee and/or security to any other holder of Senior Secured Debt (an “**Additional Guarantor**”), the Company shall promptly deliver to the Trustee, a guarantee and security agreement from such Additional Guarantor in favour of the Trustee in the form of the Guarantee and the Security Documents.

Section 4.2 Amendments to Security.

Any term, covenant or condition of this Indenture as it relates to the Security and any of the Security Documents and Guarantees may be amended or otherwise modified with the prior consent of the holders of greater than 50% of the principal amount of the Debentures then outstanding in accordance with the provisions of Section 13.4 unless such amendment would reasonably be expected to have an adverse effect on the rights or interests of the holders of the Debentures, in which case the provisions of Section 13.11 will apply.

Section 4.3 Further Assurances.

The Company shall forthwith, and from time to time, execute and do or cause to be executed and done all deeds, documents and things which, in accordance with an opinion of Counsel, are necessary or advisable for giving the Trustee a valid charge and pledge upon the Collateral, on the terms and conditions contemplated by this indenture whether now owned or hereafter acquired, intended to be included herein or in the Security Documents or the Guarantees, for and to secure the payment of all principal monies and interest for the time being and from time to time owing hereunder, under the Security Documents, the Guarantees or on the Debentures and all other monies intended to be secured by this indenture and the Security, and for conferring upon the Trustee such powers over the Collateral as are expressed to be conferred hereunder or under the Security Documents.

ARTICLE 5 SUBORDINATION OF DEBENTURES.

Section 5.1 Applicability of Article

- (1) The Secured Obligations, including, without limitation as owing to the Trustee under Section 15.14, shall rank equal in right of payment with all Indebtedness of the Company that is not expressly subordinated in right of payment to the Debentures, and shall rank senior in right of payment to all subordinated obligations of the Company. The Secured Obligations shall be secured by a second-priority Lien on the Collateral, in each case subject to Permitted Liens, including the first-priority Lien granted to secure the Senior Secured Debt held by the Senior Lenders.
- (2) Each holder of any Debenture by his or her acceptance thereof agrees to and shall be bound by the provisions of this Article 5 and any intercreditor agreement entered into by the Trustee, which in relation to the Senior Secured Debt held by the Senior Lenders, shall be in form and substance substantially the same as the form of the Intercreditor Agreement.
- (3) For greater certainty, the Trustee is hereby authorized and directed to enter into (a) an Intercreditor Agreement with the Senior Lenders, on or before the issuance of the Debentures, and (b) an intercreditor agreement at the direction of holders of greater than 50% of the principal amount of the Debentures then outstanding in accordance with the provisions of Section 13.4 in respect of any Indebtedness incurred pursuant to clause (a) of the definition of Permitted Indebtedness.

Section 5.2 Obligation to Pay Not Impaired.

Nothing contained in this Article 5 or elsewhere in this Indenture or in the Debentures: (i) is intended to or shall impair, as between the Company, its creditors other than the Senior Lenders, and the holders of the Debentures, the obligation of the Company, which is absolute and unconditional, to pay to the Holders the principal of, premium, if any, and interest on the Debentures, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the Holders and creditors of the Company other than the Senior Lenders; or (ii) shall prevent the Trustee or the Holders from exercising all remedies otherwise permitted by applicable law or under the Security Documents upon default under this Indenture, subject to the rights and remedies of the Senior Lenders under the Intercreditor Agreement. For clarity, the Intercreditor Agreement shall not impose any restriction on the ability of the Company to make payment of fees owing to the Trustee.

Section 5.3 Payment on Debentures Permitted.

Subject at all times to the terms and provisions of this Article 5 and except as prohibited by an Intercreditor Agreement, nothing contained elsewhere in this Indenture, or in any of the Debentures, shall affect the obligation of the Company to make, or prevent the Company from making, any payment of principal of, premium, if any, or interest on the Debentures. The fact that any such payment is prohibited by the Intercreditor Agreement shall not prevent the failure to make such payment from being an Event of Default hereunder (subject to the express terms of the Intercreditor Agreement to the contrary). Except as prohibited by the Intercreditor Agreement, nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, shall prevent the application by the Trustee of any monies deposited with the Trustee hereunder for the purpose, to the payment of or on account of the Secured Obligations.

Section 5.4 Confirmation of Ranking and Priority.

Each holder of Debentures by his or her acceptance of the Debentures authorizes and directs the Trustee on his or her behalf to take such action as may be necessary or appropriate to effect the ranking and priority of the Debentures and related Liens as provided in this Article 5, including without limitation the actions specified in Section 5.1(3) and this Section 5.4, and irrevocably appoints the Trustee his or her attorney-in-fact for any and all such purposes.

Section 5.5 Knowledge of Trustee.

Notwithstanding the provisions of this Article 5 or any provision in this Indenture and any applicable Supplemental Indenture or in the Debentures, the Trustee will not be charged with knowledge of any Senior Secured Debt or of any default in the payment

thereof, or of the existence of any other fact that would prohibit the making of any payment of monies to or by the Trustee, or the taking of any other action by the Trustee, unless and until the Trustee has received written notice thereof from the Company, any Holder or any Senior Lender and such notice to the Trustee shall be deemed to be notice to Holders. The Trustee will notify Holders as soon as reasonably practical of such notice.

Section 5.6 No Set-Off.

Each of the Company and the Trustee agrees, and each Holder, by his or her acceptance thereof, likewise agrees, that it shall have no rights of set-off or counterclaim with respect to the principal of, premium, if any, and interest on the Debentures at any time when any payment of, or in respect of, such amounts to the Holder is prohibited by this Article 5 or by the terms of the Intercreditor Agreement.

ARTICLE 6 DISCHARGE OF SECURITY

Section 6.1 Discharge of Security.

- (1) Upon satisfaction and discharge of this Indenture in accordance with Section 11.4, the Security shall be released and discharged within thirty (30) Business Days without the requirement for any further formality, release or discharge and the Trustee shall deliver or cause to be delivered to the Company or to such other Person as directed by the Company any and all agreements, instruments and documents reasonably necessary to effect the foregoing together with any original contracts evidencing any of the Collateral then in its possession and do all such other acts and things reasonably required by the Company to effect such release and discharge.
- (2) The Trustee shall be entitled to release and discharge the Security:
 - (a) in part, as to any property constituting part of the Collateral, that (a) is sold, transferred or otherwise disposed of by any Obligor (other than to another Obligor) in a transaction not prohibited by this Indenture or the Security Documents at the time of such sale, transfer or disposition or (b) is owned or at any time acquired by a Guarantor that has been released from its Guarantee in accordance with this Indenture, concurrently with the release of such Guarantee;
 - (b) in whole or in part, as applicable, with the consent of Holders of 66 $\frac{2}{3}$ % in aggregate principal amount of Debentures (including without

limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, Debentures); and

- (c) in part, in accordance with the applicable provisions of the Security Documents,

provided, that, in the case of any release in whole pursuant to clauses (a) through (c) and Section 6.1(1) above, all amounts owing to the Trustee under this Indenture and the Security Documents have been paid.

Section 6.2 Special Release Provisions.

In addition to the powers conferred under this Article 6 and notwithstanding that any of the provisions in this Indenture may deal with or apply to any of the matters or things which the Trustee is by this Section 6.2 authorized to do or concur in, the Trustee may at any time and from time to time upon the application and at the cost and expense of the Company and without consent of the Holders release any Collateral from the Liens granted under the Security Documents in accordance with the terms of this Indenture, any applicable Supplemental Indenture, and the Security Documents.

Section 6.3 Power of Attorney.

For the purposes of this Article 6, following the expiration of the thirty (30) Business Day periods provided for under Section 6.1(1), the Trustee hereby irrevocably appoints the Company as its attorney for the purposes of effecting any and all such releases and discharges as the Company deems necessary to effect any and all of the discharges contemplated in this Article 6.

ARTICLE 7 REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP

Section 7.1 Global Debentures or Book Based Only Debentures

- (1) With respect to each series of Debentures issuable in whole or in part as one or more Global Debentures and/or as Book Based Only Debentures, the Company shall cause to be kept by and at the principal offices of the Trustee in Toronto, Ontario and Montreal, Québec and by the Trustee or such other registrar as the Company, with the approval of the Trustee, may appoint at such other place or places, if any, as the Company may designate with the approval of the Trustee, a register in which shall be entered the name and address of the holder of each such Global Debenture and/or Book Based Only Debenture as holder thereof and particulars of the Global Debenture and/or Book Based Only Debenture held by it, and of all transfers thereof. If any Debentures of such series are at any time

not Global Debentures or Book Based Only Debentures, the provisions of Section 7.2 shall govern with respect to registrations and transfers of such Debentures.

- (2) Notwithstanding any other provision of this Indenture, a Global Debenture or Book Based Only Debenture may not be transferred by the registered holder thereof and accordingly, no definitive certificates shall be issued to Beneficial Holders except in the following circumstances or as otherwise specified in a resolution of the Directors, an Officer's Certificate or a Supplemental Indenture relating to a particular series of Debentures:
- (a) Global Debentures or Book Based Only Debentures may be transferred by a Depository to a nominee of such Depository or by a nominee of a Depository to such Depository or to another nominee of such Depository or by a Depository or its nominee to a successor Depository or its nominee;
 - (b) Global Debentures or Book Based Only Debentures may be transferred at any time after (i) the Depository for such Global Debentures or Book Based Only Debentures, as the case may be, or the Company has notified the Trustee that the Depository is unwilling or unable to continue as Depository for such Global Debentures or Book Based Only Debentures, or (ii) the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a Depository under Section 2.1(2), provided in each case that at the time of such transfer the Trustee and the Company are unable to locate a qualified successor Depository for such Global Debentures or Book Based Only Debentures;
 - (c) Global Debentures or Book Based Only Debentures may be transferred at any time after the Company has determined, in its sole discretion, with the consent of the Trustee to terminate the book-entry only registration system or book based entry, as the case may be, in respect of such Global Debentures or Book Based Only Debentures and has communicated such determination to the Trustee in writing;
 - (d) Global Debentures or Book Based Only Debentures may be transferred at any time after the Trustee has determined that an Event of Default has occurred and is continuing with respect to the Debentures of the series issued as a Global Debenture or Book Based Only Debentures, as the case may be, provided that Beneficial Holders of the Debentures representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures of such series advise the Depository in writing, through the Participants, that the continuation of the book-entry

only registration system or book based entry, as applicable, for such series of Debentures is no longer in their best interest and also provided that at the time of such transfer the Debentureholders have not waived the Event of Default pursuant to Section 10.3;

- (e) Global Debentures or Book Based Only Debentures may be transferred if required by applicable law; or
 - (f) Global Debentures or Book Based Only Debentures may be transferred if the book-entry only registration system or book based entry, as applicable, ceases to exist.
- (3) With respect to the Global Debentures, unless and until definitive certificates have been issued to Beneficial Holders of the Debentures pursuant to Section 7.1(2):
- (a) the Company and the Trustee may deal with the Depository for all purposes (including paying interest on the Debentures) as the sole holder of such series of Debentures and the authorized representative of the Beneficial Holders;
 - (b) the rights of the Beneficial Holders of the Debentures shall be exercised only through the Depository and shall be limited to those established by law and agreements between such Beneficial Holders and the Depository or the Participants;
 - (c) the Depository will make book-entry or book based, as applicable, transfers among the Participants; and
 - (d) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Debentureholders evidencing a specified percentage of the outstanding Debentures, the Depository shall be deemed to be counted in that percentage only to the extent that it has received instructions to such effect from the Beneficial Holders of the Debentures or the Participants, and has delivered such instructions to the Trustee.
- (4) Whenever a notice or other communication is required to be provided to Debentureholders, unless and until definitive certificate(s) have been issued to Beneficial Holders of the Debentures pursuant to this Section 7.1, the Trustee shall provide all such notices and communications to the Depository for forwarding by the Depository to such Beneficial Holders in accordance with Applicable Securities Legislation. Upon the termination of the book-entry only

registration system or book based entry, as applicable, on the occurrence of one of the conditions specified in Section 7.1(2) with respect to a series of Debentures issued hereunder, the Trustee shall notify all applicable Participants and Beneficial Holders, through the Depository, of the availability of definitive Debenture Certificates. Upon surrender by the Depository of the certificate(s) representing the Global Debentures and receipt of new registration instructions from the Depository, the Trustee shall deliver the definitive Debenture Certificates for such Debentures to the holders thereof in accordance with the new registration instructions and thereafter, the registration and transfer of such Debentures will be governed by Section 7.2 and the remaining Sections of this Article 3, as applicable.

- (5) Notwithstanding any other provisions of this Indenture or the Debentures, transfers and exchanges of Debentures and beneficial interests in Global Debentures shall be made in accordance the applicable rules and guidelines of the Securities Transfer Association of Canada.
- (6) Notwithstanding any provisions made in this Indenture for the issuance, certification and authentication of Debentures in physical form, the Debentures, other than Debentures issued to U.S. Purchasers (other than Qualified Institutional Buyers that have delivered to the Company a Qualified Institutional Buyer Letter), issued under the terms of this Indenture may also be issued to the Depository in book based only form, non-certificated and appearing on the register of the Trustee as a book based entry. In the absence of any physical securities being created for certification by the Company and authentication by the Trustee both at the initial issuance of the Debentures and at the time of any subsequent additional issuance of Debentures pursuant to the terms of a supplemental indenture, confirmation of the due issuance and validity of any Debentures shall be based upon the comparison of the Debentures in quantity and description appearing under the relevant broker's instant deposit request identification number to the quantity and description of Debentures as detailed in the Written Direction of the Company addressed to the Trustee and to the broker upon whose posting of the Book Based Only Debentures to the book entry records of the Depository on a non-certificated basis on which both the Company and the Trustee shall depend. It is the responsibility of the Company to make the necessary arrangements with its broker or brokers to obtain, in a timely manner, the necessary instant deposit request identification number to facilitate the issuance of Book Based Only Debentures.
- (7) In the establishment and maintenance of a Book Based Only Debenture issue, the Trustee shall maintain such a record on its register for Debentures in book based form only. Transfers of Debentures appearing on the register of the Depository shall otherwise occur as provided for in this Indenture. The parties

hereto further recognize that, notwithstanding the issuance of Book Based Only Debentures, conversions of Debentures shall occur as contemplated by the terms of this Indenture but the Trustee is permitted to employ whatever reasonable means it may from time to time require in order to guarantee the unhindered (but subject to the terms and conditions hereof) conversion of such Debentures appearing on the register for Debentures in book based only form by making whatever arrangements are deemed necessary by it with the Depository.

Section 7.2 Fully Registered Debentures

- (1) With respect to each series of Debentures issuable as Fully Registered Debentures, the Company shall cause to be kept by and at the principal offices of the Trustee in Toronto, Ontario and Montreal, Québec and by the Trustee or such other registrar as the Company, with the approval of the Trustee, may appoint at such other place or places, if any, as may be specified in the Debentures of such series or as the Company may designate with the approval of the Trustee, a register in which shall be entered the names and addresses of the holders of Fully Registered Debentures and particulars of the Debentures held by them respectively and of all transfers of Fully Registered Debentures. Such registration shall be noted on the Debentures by the Trustee or other registrar unless a new Debenture shall be issued upon such transfer.
- (2) No transfer of a Fully Registered Debenture shall be valid unless made on such register referred to in Section 7.2(1) by the registered holder or such holder's executors, administrators or other legal representatives or an attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee or other registrar upon surrender of the Debentures together with a duly executed form of transfer acceptable to the Trustee upon compliance with such other reasonable requirements as the Trustee or other registrar may prescribe, or unless the name of the transferee shall have been noted on the Debenture by the Trustee or other registrar.
- (3) Notwithstanding any other provisions in this Indenture or the Debentures, transfers and exchanges of Restricted Debentures shall be made in accordance with this Section 7.2(3):
 - (a) **Transfer of Restricted Physical Debenture for Restricted Physical Debenture.** A Restricted Physical Debenture may be transferred to a Person who takes delivery thereof in the form of a Restricted Physical Debenture or a Restricted Uncertificated Debenture if the Company and the Trustee receives an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Company, to the effect that such transfer or exchange is in compliance with an available

exemption from the registration requirements of the *1933 Act* and all applicable state securities laws.

(b) **Transfer and Exchange of Restricted Physical Debentures for Unrestricted Physical Debentures.** A Restricted Physical Debenture may be exchanged by the holder thereof for an Unrestricted Physical Debenture or transferred to a Person who takes delivery thereof in the form of an Unrestricted Physical Debenture if the Trustee receives the following:

- (i) if the holder of such Restricted Physical Debenture proposes to exchange such Debenture for an Unrestricted Physical Debenture, a certificate from such holder in the form of Schedule E to the applicable Supplemental Indenture, including the certifications in item (1)(b) thereof;
- (ii) if the holder of such Restricted Physical Debenture proposes to transfer such Debenture to a Person outside of the United States and is not a U.S. Person who shall take delivery thereof in the form of an Unrestricted Physical Debenture, a certificate from such holder in the form of Schedule D to the applicable Supplemental Indenture, including the certifications in item (1) thereof;
- (iii) if the holder of such Restricted Physical Debenture proposes to transfer such Debenture to a Person who will be a U.S. Debentureholder and shall take delivery thereof in the form of an Unrestricted Uncertificated Debenture, a certificate from such holder in the form of Schedule D to the applicable Supplemental Indenture, including the certifications in item (2) thereof; or
- (iv) if the holder of such Restricted Physical Debenture proposes to transfer such Debenture to a Person who will be a U.S. Debentureholder and shall take delivery thereof in the form of an Unrestricted Physical Debenture, a certificate from such holder in the form of Schedule D to the applicable Supplemental Indenture, including the certifications in item (2) thereof

and, in each such case set forth in this Section 7.2(3)(b)(i), (iii) and (iv), an opinion of counsel in form reasonably acceptable to the Company and the Trustee to the effect that

such transfer or exchange is in compliance with the *1933 Act* and all applicable state securities laws.

Section 7.3 Transferee Entitled to Registration

The transferee of a Debenture shall be entitled, after the appropriate form of transfer is lodged with the Trustee or other registrar and upon compliance with all other conditions in that behalf required by this Indenture or by law, to be entered on the register as the owner of such Debenture free from all equities or rights of set-off or counterclaim between the Company and the transferor or any previous holder of such Debenture, save in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction. Upon surrender for registration of transfer of Debentures, the Company shall issue and thereupon the Trustee shall Authenticate and deliver a new Debenture Certificate or confirm the electronic deposit of Uncertificated Debentures of like tenor in the name of the designated transferee and register such transfer in accordance with Section 7.2. If less than all the Debentures evidenced by the Debenture Certificate(s) or Uncertificated Debentures so surrendered are transferred, the transferor shall be entitled to receive, in the same manner, a new Debenture Certificate or electronically deposited Uncertificated Debentures registered in its name evidencing the Debentures not transferred.

Section 7.4 No Notice of Trusts

Neither the Company nor the Trustee nor any registrar shall be bound to take notice of or see to the execution of any trust (other than that created by this Indenture) whether express, implied or constructive, in respect of any Debenture, and may transfer the same on the direction of the Person registered as the holder thereof, whether named as trustee or otherwise, as though that Person were the beneficial owner thereof.

Section 7.5 Registers Open for Inspection

The registers referred to in Section 7.1 and Section 7.2 shall at all reasonable times be open for inspection by the Company, the Trustee or any Debentureholder. Every registrar, including the Trustee, shall from time to time when requested so to do by the Company, in writing, furnish the Company with a list of names and addresses of holders of registered Debentures entered on the register kept by them and showing the principal amount and serial numbers of the Debentures held by each such holder, provided the Trustee shall be entitled to charge a reasonable fee to the Company to provide such a list.

Section 7.6 Exchanges of Debentures

- (1) Subject to Section 7.1, Section 7.2 and Section 7.7, Debentures in any authorized form or denomination, other than Uncertificated Debentures, may be exchanged for Debentures in any other authorized form or denomination, of the same series and date of maturity, bearing the same interest rate and of the same aggregate principal amount as the Debentures so exchanged.
- (2) In respect of exchanges of Debentures permitted by Section 7.6(1), Debentures of any series may be exchanged only at the principal offices of the Trustee in the city of Montreal, Québec or Toronto, Ontario or at such other place or places, if any, as may be specified in the Debentures of such series and at such other place or places as may from time to time be designated by the Company with the approval of the Trustee. Any Debentures tendered for exchange shall be surrendered to the Trustee. The Company shall execute and the Trustee shall Authenticate all Debentures necessary to carry out exchanges as aforesaid. All Debentures surrendered for exchange shall be cancelled.
- (3) Debentures issued in exchange for Debentures which at the time of such issue have been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption in the same manner and shall have noted thereon a statement to that effect.

Section 7.7 Closing of Registers

- (1) Neither the Company nor the Trustee nor any registrar shall be required to:
 - (a) make transfers or exchanges of, or convert any Debentures on any day selected by the Trustee for the redemption of Debentures or during the five preceding Business Days;
 - (b) make exchanges of any Debentures which will have been selected or called for redemption unless upon due presentation thereof for redemption such Debentures shall not be redeemed, as the register for the applicable series of Debentures shall be closed in respect of such actions on such dates; or
 - (c) make transfers or exchanges of any Debentures on the Business Day immediately preceding the maturity date of such Debentures, or during such longer period prior to an applicable maturity date as directed in writing by the Company (which period shall not exceed the five Business Days preceding the applicable maturity date).

- (2) Subject to any restriction herein provided, the Company with the approval of the Trustee may at any time close any register for any series of Debentures, other than those kept at the principal offices of the Trustee in Toronto, Ontario and Montreal, Québec, and transfer the registration of any Debentures registered thereon to another register (which may be an existing register) and thereafter such Debentures shall be deemed to be registered on such other register. Notice of such transfer shall be given to the holders of such Debentures.
- (3) Notwithstanding the foregoing provisions, the Company and the Trustee acknowledge and agree that Debentures will continue trading up to, on or about, the date of redemption of the Debentures as provided for herein, or the Maturity Date, whichever is earliest to occur.

Section 7.8 Charges for Registration, Transfer and Exchange

For each Debenture exchanged, registered, transferred or discharged from registration, the Trustee or other registrar, except as otherwise herein provided, may make a reasonable charge for its services and in addition may charge a reasonable sum for each new Debenture issued (such amounts to be agreed upon from time to time by the Trustee and the Company), and payment of such charges and reimbursement of the Trustee or other registrar for any stamp taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange, registration, transfer or discharge from registration as a condition precedent thereto. Notwithstanding the foregoing provisions, no charge shall be made to a Debentureholder hereunder:

- (a) for any exchange, registration, transfer or discharge from registration of any Debenture applied for within a period of two months from the date of the first delivery of Debentures of that series or, with respect to Debentures subject to a Periodic Offering, within a period of two months from the date of delivery of any such Debenture;
- (b) for any exchange of any interim or temporary Debenture or interim certificate that has been issued under Section 2.10 for a certificated Debenture;
- (c) for any exchange of an Uncertificated Debenture as contemplated in Section 7.1; or
- (d) for any exchange of any Debenture resulting from a partial conversion or partial exercise hereunder.

Section 7.9 Ownership of Debentures

- (1) Unless otherwise required by law, the Person in whose name any registered Debenture is registered shall for all purposes of this Indenture be and be deemed to be the owner thereof and payment of or on account of the principal of and premium, if any, on such Debenture and interest thereon shall be made to such registered holder.
- (2) The registered holder for the time being of any registered Debenture shall be entitled to the principal, premium, if any, and/or interest evidenced by such instruments, respectively, free from all equities or rights of set-off or counterclaim between the Company and the original or any intermediate holder thereof and all persons may act accordingly and the receipt of any such registered holder for any such principal, premium or interest shall be a good discharge to the Trustee, any registrar and to the Company for the same and none shall be bound to inquire into the title of any such registered holder.
- (3) Where Debentures are registered in more than one name, the principal, premium, if any, and interest from time to time payable in respect thereof may be paid to the order of all such holders, failing written instructions from them to the contrary, and the receipt of any one of such holders therefor shall be a valid discharge, to the Trustee, any registrar and to the Company.
- (4) In the case of the death of one or more joint holders of any Debenture the principal, premium, if any, and interest from time to time payable thereon may be paid to the order of the survivor or survivors of such registered holders and the receipt of any such survivor or survivors therefor shall be a valid discharge to the Trustee and any registrar and to the Company.

ARTICLE 8 – CONVERSION OF DEBENTURES

Section 8.1 Applicability of Article

- (1) Any Debentures issued hereunder of any series which by their terms are convertible (subject, however, to any applicable restriction of the conversion of Debentures of such series) will be convertible into Common Shares or other securities of the Company, at such conversion rate or rates, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and shall have been expressed in this Indenture (including Section 7.7 hereof), in such Debentures, in an Officer's Certificate, or in a Supplemental Indenture authorizing or providing for the issue thereof.

- (2) Such right of conversion shall extend only to the maximum number of whole Common Shares into which the aggregate principal amount of the Debenture and any accrued or unpaid interests or Debentures surrendered for conversion at any one time by the holder thereof may be converted. Fractional interests in Common Shares shall be adjusted for in the manner provided in Section 8.4.

Section 8.2 Manner of Exercise of Right to Convert

- (1) The holder of a Debenture Certificate desiring to convert such Debenture in whole or in part into Common Shares shall surrender such Debenture Certificate to the Trustee at its principal office in the City of Montreal, Québec or Toronto, Ontario together with the conversion notice in the form of Schedule B to the applicable Supplemental Indenture or any other written notice in a form satisfactory to the Trustee, duly executed by the holder or its executors or administrators or other legal representatives or its or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee, exercising its right to convert such Debenture in accordance with the provisions of this Article; provided that, with respect to an Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's non-certificated system. Restricted Uncertificated Debentures, if any, and Restricted Physical Debentures shall be converted into Common Shares marked to bear the U.S. Legend and, if converted prior to October 28, 2022, also bearing the Canadian Legend. Unrestricted Debentures shall: (a) if converted prior to October 28, 2022, be converted into Common Shares bearing restricted CUSIP #01444Q500, ISIN #CA01444Q5005 and, if certificated, the Canadian Legend; or (b) if converted on or after October 28, 2022, be converted into Common Shares bearing unrestricted CUSIP #01444QAA2 and ISIN #CA01444QAA28. Upon the Trustee receiving an executed Conversion Notice as set out in Schedule B to the applicable Supplemental Indenture with the applicable box therein being ticked, the Trustee will issue Common Shares without the U.S. Legend under unrestricted CUSIP #01444QAA2 and ISIN #CA01444QAA28. Thereupon such Debentureholder or, subject to compliance with the applicable terms and provisions hereof and payment of all applicable stamp or security transfer taxes or other governmental charges and compliance with all reasonable requirements of the Trustee, its nominee(s) or assignee(s) shall be entitled to be entered in the books of the Company as at the Date of Conversion (or such later date as is specified in Section 8.2(2)) as the holder of the number of Common Shares, as applicable, into which such Debenture is convertible in accordance with the provisions of this Article 8 and, as soon as practicable thereafter, the Company shall deliver to such Debentureholder or, subject as aforesaid, its nominee(s) or assignee(s), a certificate or certificates for such Common Shares or deposit such Common Shares through the Depository's non-certificated

system and make or cause to be made any payment of interest to which such holder is entitled in accordance with Section 8.2(5).

- (2) For the purposes of this Article, a Debenture shall be deemed to be surrendered for conversion on the date (herein called the “**Date of Conversion**”) on which it is so surrendered when the register of the Trustee is open and in accordance with the provisions of this Article or, in the case of an Uncertificated Debenture which the Trustee received notice of and all necessary documentation in respect of the exercise of the conversion rights and, in the case of a Debenture so surrendered by mail or other means of transmission, on the date on which it is received by the Trustee at the principal offices of the Trustee in Montreal, Québec or Toronto, Ontario; provided that if a Debenture is surrendered for conversion on a day on which the register of Common Shares is closed, the Person or Persons entitled to receive Common Shares shall become the holder or holders of record of such Common Shares as at the date on which such registers are next reopened.
- (3) Any part, being \$1,000 or an integral multiple thereof, of a Debenture in a denomination in excess of \$1,000 may be converted as provided in this Article and all references in this Indenture to conversion of Debentures shall be deemed to include conversion of such parts.
- (4) The holder of any Debenture of which only a part is converted shall, upon the exercise of its right of conversion surrender such Debenture to the Trustee in accordance with Section 8.2, and the Trustee shall cancel the same and shall without charge forthwith Authenticate and deliver to the holder a new Debenture or Debentures in an aggregate principal amount equal to the unconverted part of the principal amount of the Debenture so surrendered; or, with respect to an Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository’s non-certificated system.
- (5) Except as may be otherwise expressly provided for at the time of issue of such Debentures, as expressed in this Indenture, in such Debentures, in an Officer’s Certificate, or in a Supplemental Indenture authorizing or providing for the issue thereof, the holder of a Debenture surrendered for conversion in accordance with this Section 8.2 shall be entitled (subject to any applicable restriction on the right to receive interest on conversion of Debentures of any series) to receive accrued and unpaid interest in respect thereof, in cash, from the last Interest Payment Date prior to the Date of Conversion up to but excluding the Date of Conversion and the Common Shares issued upon such conversion shall rank only in respect of distributions or dividends declared in favour of shareholders of record on and after the Date of Conversion or such later date as such holder shall become the holder of record of such Common Shares pursuant to Section 8.2(2), from which

applicable date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

Section 8.3 Adjustment of Conversion Price

Subject to the requirements of the TSX (or such other recognized exchange on which the Debentures are then listed), the Conversion Price in effect at any date shall be subject to adjustment from time to time as set forth below.

- (a) If and whenever at any time prior to the Time of Expiry the Company shall
 - (i) subdivide or redivide the outstanding Common Shares into a greater number of shares;
 - (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of shares;
 - (iii) issue Common Shares or securities exchangeable or convertible into Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend or distribution (other than the issue of Common Shares to holders of Common Shares who have elected to receive dividends or distributions in the form of Common Shares in lieu of cash dividends or cash distributions paid in the ordinary course on the Common Shares); or
 - (iv) the distribution to all or substantially all of the holders of Common Shares of any other class of shares, rights, options or warrants, evidences of indebtedness or assets,

the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a dividend or distribution, as the case may be, shall in the case of any of the events referred to in (i) and (iii) above be decreased in proportion to the number of outstanding Common Shares resulting from such subdivision, redivision, dividend or distribution, or shall, in the case of any of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 8.3(a) shall occur. Any such issue of Common Shares by way of a dividend or

distribution shall be deemed to have been made on the record date for the dividend or distribution for the purpose of calculating the number of outstanding Common Shares under subsections (b) and (c) of this Section 8.3.

- (b) If and whenever at any time prior to the Time of Expiry the Company shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible into Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price on such record date, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) by such Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible). Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon the number of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.

- (c) If and whenever at any time prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization of the Company other than as described in Section 8.3(a) or a consolidation, amalgamation, arrangement, share exchange, merger of the Company with or into any other Person or other entity or acquisition of the Company or other combination pursuant to which the Common Shares are converted into or acquired for cash, securities or other property; or

a sale or conveyance of the property and assets of the Company as an entirety or substantially as an entirety to any other Person (other than a direct or indirect wholly-owned Subsidiary of the Company) or other entity or a liquidation, dissolution or winding-up of the Company, any holder of a Debenture who has not exercised its right of conversion prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Common Shares then sought to be acquired by it, such amount of cash or the number of shares or other securities or property of the Company or of the Person or other entity resulting from such merger, amalgamation, arrangement, acquisition, combination or consolidation, or to which such sale or conveyance may be made or which holders of Common Shares receive pursuant to such liquidation, dissolution or winding-up, as the case may be, that such holder of a Debenture would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, if, on the record date or the effective date thereof, as the case may be, the holder had been the registered holder of the number of Common Shares sought to be acquired by it and to which it was entitled to acquire upon the exercise of the conversion right, subject to Section 8.3(l). If determined appropriate by the Board of Directors, to give effect to or to evidence the provisions of this Section 8.3(c), the Company, its successor, or such purchasing Person or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the holder of Debentures to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any cash, shares or other securities or property to which a holder of Debentures is entitled on the exercise of its acquisition rights thereafter. Any indenture entered into between the Company and the Trustee pursuant to the provisions of this Section 8.3(c) shall be a Supplemental Indenture entered into pursuant to the provisions of Article 16. Any indenture entered into between the Company, any successor to the Company or such purchasing Person or other entity and the Trustee shall

provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 8.3(c) and which shall apply to successive reclassifications, capital reorganizations, amalgamations, consolidations, mergers, share exchanges, acquisitions, combinations, sales or conveyances. For greater certainty, nothing in this Section 8.3(c) shall affect or reduce the requirement for any Person to make a Change of Control Offer, and notice of any transaction to which this Section 8.3(c) applies shall be given in accordance with Section 8.7.

- (d) If the Company shall make a distribution to all or substantially all of the holders of Common Shares of shares in the capital of the Company, other than Common Shares, or evidences of indebtedness or other assets of the Company, including securities (but excluding (i) any issuance of rights or warrants for which an adjustment was made pursuant to Section 8.3(b) and (ii) any dividend or distribution paid exclusively in cash (the “**Distributed Securities**”), then in each such case (unless the Company distributes such Distributed Securities to the holders of Debentures on such dividend or distribution date (as if each holder had converted such Debenture into Common Shares immediately preceding the record date with respect to such distribution)) the Conversion Price in effect immediately preceding the record date fixed for the determination of shareholders entitled to receive such dividend or distribution shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately preceding such record date by a fraction of which the denominator shall be the Current Market Price per Common Share on such record date and of which the numerator shall be the Current Market Price per Common Share on such record date less the fair market value (as determined by the Board of Directors, subject to TSX approval, whose determination shall be conclusive evidence of such fair market value, subject to approval by the TSX (or such other recognized stock exchange on which the Common Shares are listed for trading) and which shall be evidenced by an Officer’s Certificate delivered to the Trustee) on such record date of the portion of the Distributed Securities so distributed applicable to one Common Share (determined on the basis of the number of Common Shares outstanding at the close of business on such record date). Such adjustment shall be made successively whenever any such distribution is made and shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution. In the event that such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price that would then be in effect if such dividend or

distribution had not been declared. If the then fair market value (as so determined) of the portion of the Distributed Securities so distributed applicable to one Common Share is equal to or greater than the Current Market Price per Common Share on such record date, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of a Debenture shall have the right to receive upon conversion the amount of Distributed Securities so distributed that such holder would have received had such holder converted each Debenture on such record date. If the Board of Directors determines the fair market value of any distribution for purposes of this Section 8.3(d) by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market over the same period used in computing the Current Market Price of the Common Shares.

Notwithstanding the foregoing, if the securities distributed by the Company to all holders of its Common Shares consist of capital stock of, or similar equity interests in, a Subsidiary or other business of the Company (the “**Spinoff Securities**”), the Conversion Price shall be adjusted, unless the Company makes an equivalent distribution to the holders of Debentures, so that the same shall be equal to the rate determined by multiplying the Conversion Price in effect on the record date fixed for the determination of shareholders entitled to receive such distribution by a fraction, the denominator of which shall be the sum of (A) the weighted average trading price of one Common Share over the 20 consecutive trading day period (the “**Spinoff Valuation Period**”) commencing on and including the fifth trading day after the date on which ex-dividend trading commences for such distribution on the TSX (or such other exchange on which the Common Shares are then listed) and (B) the product of (i) the weighted average trading price (calculated in substantially the same way as the Current Market Price is calculated for the Common Shares) over the Spinoff Valuation Period of the Spinoff Securities or, if no such prices are available, the fair market value of the Spinoff Securities as reasonably determined by the Board of Directors (which determination shall be conclusive and shall be evidenced by an Officer’s Certificate delivered to the Trustee) multiplied by (ii) the number of Spinoff Securities distributed in respect of one Common Share and the numerator of which shall be the weighted average trading price of one Common Share over the Spinoff Valuation Period, such adjustment to become effective immediately preceding the opening of business on the 25th trading day after the date on which ex-dividend trading commences; provided, however, that the Company may in lieu of the foregoing adjustment elect to make adequate provision so that each holder of Debentures shall have the right to

receive upon conversion thereof the amount of such Spinoff Securities that such holder of Debentures would have received if such Debentures had been converted on the record date with respect to such distribution.

- (e) If any issuer bid made by the Company or any of its Subsidiaries for all or any portion of Common Shares shall expire, then, if the issuer bid shall require the payment to shareholders of consideration per Common Share having a fair market value (determined as provided below) that exceeds the Current Market Price on the last date (the “**Expiration Date**”) tenders could have been made pursuant to such issuer bid (as it may be amended) (the last time at which such tenders could have been made on the Expiration Date is hereinafter sometimes called the “**Expiration Time**”), the Conversion Price shall be adjusted so that the same shall equal the rate determined by multiplying the Conversion Price in effect immediately preceding the close of business on the Expiration Date by a fraction of which (i) the denominator shall be the sum of (A) the fair market value of the aggregate consideration (the fair market value as determined by the Board of Directors, whose determination shall be conclusive evidence of such fair market value and which shall be evidenced by an Officer’s Certificate delivered to the Trustee) payable to shareholders based on the acceptance (up to any maximum specified in the terms of the issuer bid) of all Common Shares validly tendered and not withdrawn as of the Expiration Time (the Common Shares deemed so accepted, up to any such maximum, being referred to as the “**Purchased Common Shares**”) and (B) the product of the number of Common Shares outstanding (less any Purchased Common Shares and excluding any Common Shares held in the treasury of the Company) at the Expiration Time and the Current Market Price on the Expiration Date and (ii) the numerator of which shall be the product of the number of Common Shares outstanding (including Purchased Common Shares but excluding any Common Shares held in the treasury of the Company) at the Expiration Time multiplied by the Current Market Price on the Expiration Date, such increase to become effective immediately preceding the opening of business on the day following the Expiration Date. In the event that the Company is obligated to purchase Common Shares pursuant to any such issuer bid, but the Company is permanently prevented by applicable law from effecting any or all such purchases or any or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would have been in effect based upon the number of Common Shares actually purchased, if any. If the application of this Section (e) of Section 8.3 to any issuer bid would result in a

decrease in the Conversion Price, no adjustment shall be made for such issuer bid under this Section (e).

For purposes of this Section 8.3(e), the term “**issuer bid**” shall mean an issuer bid under Applicable Securities Legislation or a take-over bid under Applicable Securities Legislation by a Subsidiary of the Company for the Common Shares and all references to “purchases” of Common Shares in issuer bids (and all similar references) shall mean and include the purchase of Common Shares in issuer bids and all references to “tendered Common Shares” (and all similar references) shall mean and include Common Shares tendered in issuer bids.

- (f) In any case in which this Section 8.3 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Company may defer, until the occurrence of such event, issuing to the holder of any Debenture converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Company shall deliver to such holder an appropriate instrument evidencing such holder’s right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the Date of Conversion or such later date as such holder would, but for the provisions of this Section 8.3(f), have become the holder of record of such additional Common Shares pursuant to Section 8.2(2).
- (g) The adjustments provided for in this Section 8.3 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided however, that any adjustments which by reason of this Section 8.3(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (h) For the purpose of calculating the number of Common Shares outstanding, Common Shares owned by or for the benefit of the Company shall not be counted.

- (i) In the event of any question arising with respect to the adjustments provided in this Section 8.3, such question shall be conclusively determined by the Board of Directors, and in the event holders of not less than 25% of the principal amount of the Debentures then outstanding notify the Trustee that they do not agree with such determination within 14 calendar days of such determination being communicated to all the holders, such determination shall be made by a firm of nationally recognized chartered accountants appointed by the Company and acceptable to the Trustee (who may be the Auditors of the Company); such accountants shall have access to all necessary records of the Company and such determination shall be binding upon the Company, the Trustee, and the Debentureholders. In the absence of notice by holders of not less than 25% of the principal amount of the Debentures then outstanding of their disagreement as aforesaid, the determination of the Board of Directors shall be binding.
- (j) In case the Company shall take any action (other than the payment of cash dividends) affecting the Common Shares other than action described in this Section 8.3, which in the opinion of the Board of Directors, would materially affect the rights of Debentureholders, the Conversion Price shall be adjusted in such manner and at such time, by action of the Board of Directors, as the Board of Directors, subject to the prior consent of the TSX (or such other recognized stock exchange on which the Debentures are listed), in their sole discretion may determine to be equitable in the circumstances. Failure of the directors to make such an adjustment shall be conclusive evidence that they have determined that it is equitable to make no adjustment in the circumstances.
- (k) Subject to the prior written consent of the TSX or such other exchange on which the Debentures are then listed, no adjustment in the Conversion Price shall be made in respect of any event described in Section 8.3(a), Section 8.3(b), Section 8.3(c), Section 8.3(d), Section 8.3(e) or Section 8.3(f) other than the events described in Section 8.3(a)(i) or Section 8.3(a)(ii) if the holders of the Debentures are entitled to participate in such event on the same terms mutatis mutandis as if they had converted their Debentures prior to the effective date or record date, as the case may be, of such event.
- (l) The Company will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

- (m) Except as stated above in this Section 8.3, no adjustment will be made in the Conversion Price for any Debentures as a result of the issuance of Common Shares at less than the Current Market Price on the date of issuance or the then applicable Conversion Price.

Notwithstanding any of the foregoing in this Section 8.3, if a holder of a Debenture would otherwise be entitled to receive, upon conversion of the Debenture, any property (including cash) or securities that would not constitute “prescribed securities” for the purposes of Section 212(1)(b)(vii)(E) of the *Tax Act* as it applied on December 31, 2007 (“**Ineligible Consideration**”), such holder of a Debenture shall not be entitled to receive such Ineligible Consideration and the Company or the successor or acquirer, as the case may be, shall have the right (at the sole option of the Company or the successor or acquirer, as the case may be) to deliver to such holder “prescribed securities” for the purposes of Section 212(1)(b)(vii)(E) of the *Tax Act* as it applied on December 31, 2007 with a market value (as conclusively determined by the Board of Directors) equal to the market value of such Ineligible Consideration.

Section 8.4 No Requirement to Issue Fractional Common Shares

The Company shall not be required to issue fractional Common Shares upon the conversion of Debentures pursuant to this Article. Where a fractional Common Share would be issued, such fraction shall be rounded down to the nearest whole Common Share. The Company will pay cash to the Debenture holder in an amount equal to any such fraction multiplied by the Conversion Price. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of whole Common Shares issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of such Debentures to be converted.

Section 8.5 Company to Reserve Common Shares

The Company covenants with the Trustee that it will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited), solely for the purpose of issue upon conversion of Debentures as in this Article provided, and conditionally allot to Debentureholders who may exercise their conversion rights hereunder, such number of Common Shares as shall then be issuable upon the conversion of all outstanding Debentures. The Company covenants with the Trustee that all Common Shares which shall be so issuable shall be duly and validly issued as fully-paid and non-assessable.

Section 8.6 Cancellation of Converted Debentures

All Debentures converted in whole or in part under the provisions of this Article shall be forthwith delivered to and cancelled by the Trustee and no Debenture shall be issued in substitution for those converted.

Section 8.7 Certificate as to Adjustment

The Company shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 8.3, deliver an Officer's Certificate to the Trustee specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate and the amount of the adjustment specified therein shall be verified by advice of a firm of nationally recognized chartered accountants appointed by the Company and acceptable to the Trustee (who may be the Auditors of the Company) and shall be conclusive and binding on all parties in interest. When so approved, the Company shall forthwith give notice to the Debentureholders in the manner provided in Section 14.2 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Price; provided that, if the Company has given notice under Section 8.8 covering all the relevant facts in respect of such event and if the Trustee approves, no such notice need be given under this Section 8.7. The Company shall contemporaneously provide the TSX or such other exchange on which the Common Shares are then listed with written notice of the adjustment.

Section 8.8 Notice of Special Matters

- (1) The Company covenants with the Trustee that so long as any Debenture remains outstanding, it will give notice to the Trustee, and to the Debentureholders in the manner provided in Section 14.2, of its intention to fix a record date for any event referred to in Section 8.3(a), Section 8.3(b), Section 8.3(c), Section 8.3(d), Section 8.3(e) (other than the subdivision, redivision, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Price, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Company shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 calendar days in each case prior to such applicable record date.
- (2) In addition, the Company covenants with the Trustee that so long as any Debenture remains outstanding, it will give notice to the Trustee, and to the Debentureholders in the manner provided in Section 14.2, at least 30 calendar

days prior to the (i) effective date of any transaction referred to in Section 8.3(c) stating the consideration into which the Debentures will be convertible after the effective date of such transaction, and (ii) Expiration Date of any transaction referred to in Section 8.3(e) stating the consideration paid per Common Share in such transaction.

Section 8.9 Protection of Trustee

The Trustee:

- (a) shall not at any time be under any duty or responsibility to any Debentureholder to determine whether any facts exist which may require any adjustment in the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (b) shall not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any shares or other securities or property which may at any time be issued or delivered upon the conversion of any Debenture; and
- (c) shall not be responsible for any failure of the Company to make any cash payment or to issue, transfer or deliver Common Shares or share certificates upon the surrender of any Debenture for the purpose of conversion, or to comply with any of the covenants contained in this Article.

Section 8.10 Restricted CUSIP or U.S. Legend on Certain Common Shares

The Debentures issuable pursuant to this Indenture and the Common Shares issuable on the conversion thereof have not been, and will not be, registered under the *U.S. Securities Act* or the securities laws of any state of the United States. Each Common Share issued upon conversion of Debentures represented by the Restricted Debentures shall be represented by a certificate with a restricted CUSIP or a U.S. Legend for Common Shares substantially in the form of Schedule C to the applicable Supplemental Indenture, and each certificate representing Common Shares issued upon conversion of Debentures bearing the U.S. Legend shall have imprinted or otherwise reproduced thereon such legend or legends in substantially the form of Schedule C to the applicable Supplemental Indenture; provided that the U.S. Legend may be removed or the Common Shares may be transferred from the restricted CUSIP as provided in Section 7.2(3)(b).

ARTICLE 9 – COVENANTS OF THE COMPANY

The Company hereby covenants and agrees with the Trustee for the benefit of the Trustee and the Debentureholders, that so long as any Debentures remain outstanding:

Section 9.1 To Pay Principal, Premium (if any) and Interest

The Company will duly and punctually pay or cause to be paid to every Debentureholder the principal of, premium (if any) and interest accrued on the Debentures of which it is the holder on the dates, at the places and in the manner mentioned herein and in the Debentures.

Section 9.2 To Pay Trustee's Remuneration

The Company will pay, from time to time, the Trustee reasonable remuneration for its services as Trustee hereunder and will repay to the Trustee on demand all monies, disbursements, expenses and advances, which shall have been paid by the Trustee in connection with the execution of the trusts hereby created, including the compensation, disbursements and expenses of the Trustee's agents and counsels, and such monies, disbursements, expenses and advances including the Trustee's remuneration, shall be payable out of any funds coming into the possession of the Trustee in priority to payment of any principal of the Debentures or interest or premium thereon. Any amount owing under this Section and unpaid 30 days after request for such payment will bear interest from the expiration of such 30 days at a rate per annum equal to the then current rate charged by the Trustee, payable on demand. Such remuneration shall continue to be payable until the trusts hereof be finally wound up and whether or not the trusts of this Indenture shall be in the course of administration by or under the direction of a court of competent jurisdiction. This Section 9.2 shall survive the resignation of the Trustee or the termination of this Agreement.

Section 9.3 To Give Notice of Default

The Company shall notify the Trustee and the Debentureholders immediately upon obtaining knowledge of any Event of Default hereunder.

Section 9.4 Preservation of Existence, etc.

Subject to the express provisions hereof, the Company will carry on and conduct its activities, and cause its Subsidiaries to carry on and conduct their businesses, in a business-like manner and in accordance with good business practices; and, subject to the express provisions hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and rights.

Section 9.5 Keeping of Books

The Company will keep or cause to be kept proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Company in accordance with generally accepted accounting principles.

Section 9.6 Annual Certificate of Compliance

Upon demand by the Trustee, the Company shall deliver to the Trustee, within 120 days after the end of each calendar year, (and at any reasonable time upon demand by the Trustee) an Officer's Certificate as to the knowledge of such officers of the Company who execute the Officer's Certificate of the Company's compliance with all conditions and covenants in this Indenture certifying that after reasonable investigation and inquiry, the Company has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which could, with the giving of notice, lapse of time or otherwise, constitute an Event of Default hereunder, or if such is not the case, setting forth with reasonable particulars the circumstances of any failure to comply and steps taken or proposed to be taken to eliminate such circumstances and remedy such Event of Default, as the case may be. Such Officer's Certificate shall also include details of all Net Cash Proceeds received from Dispositions made in such calendar year.

Section 9.7 Performance of Covenants by Trustee

If the Company shall fail to perform any of its covenants contained in this Indenture, the Trustee may notify the Debentureholders of such failure on the part of the Company or may itself perform any of the covenants capable of being performed by it, but shall be under no obligation to do so or to notify the Debentureholders. All sums so expended or advanced by the Trustee shall be repayable as provided in Section 9.2. No such performance, expenditure or advance by the Trustee shall be deemed to relieve the Company of any default hereunder.

Section 9.8 Listing

The Company will use its reasonable commercial efforts to list the Debentures and maintain the listing of the Common Shares on the TSX, and to maintain the Company's status as a "reporting issuer" not in default of the requirements of the Applicable Securities Legislation; provided that the foregoing covenant shall not prevent or restrict the Company from carrying out a transaction to which Article 11 would apply if carried out in compliance with Article 11 even if as a result of such transaction the Company ceases to be a "reporting issuer" in all or any of the provinces of Canada or the Common Shares cease to be listed on the TSX or any other stock exchange

Section 9.9 Compliance

- (1) To the extent that the Company currently has cannabis-related activities or interests, the Company represents, warrants and agrees that, in addition to any other representation and warranty in this Indenture:
 - (a) its Cannabis Permits are in good standing and it has all permits and licences required by any Canadian or other applicable Governmental Authority that are necessary or desirable to lawfully conduct or maintain, directly or indirectly, its cannabis-related activities and interests;
 - (b) it does not have or hold cannabis or cannabis-related operations or interests in the United States (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business), or sell or distribute cannabis into the United States; and
 - (c) it does not have or hold cannabis or cannabis-related operations or interests in any other country (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business) where the production, distribution or possession of cannabis is prohibited as a matter of the law of the applicable country.

- (2) To the extent that the Company has cannabis-related activities or interests now or in the future, the Company covenants and agrees that, in addition to any other covenant or obligation in this Indenture, it shall:
 - (a) immediately provide to the Trustee any: (i) existing Cannabis Permits; and, (ii) other permits and licences required by any other applicable Governmental Authority that it currently holds;
 - (b) obtain Cannabis Permits from any required Governmental Authority, and upon receipt of same immediately provide such Cannabis Permits to the Trustee;
 - (c) at all times keep and maintain in good standing its Cannabis Permits, and shall notify the Trustee of any breach of this requirement immediately upon obtaining knowledge thereof;
 - (d) ensure at all times that it continues to have all permits and licences required by any Canadian or other applicable Governmental Authority that are necessary or desirable to lawfully conduct or maintain, directly or indirectly, its cannabis-related activities and interests;

- (e) notify the Trustee immediately of, and provide it with a copy of, any and all correspondence and notices that could reasonably be expected to result in a loss of, or a penalty or other sanction under, any Cannabis Permit or applicable law;
- (f) deliver to the Trustee: (i) at any reasonable time upon demand by the Trustee; (ii) in any event, immediately upon the breach of any representation, warranty or covenant contained in this Article, and (iii) within 120 days after the end of each calendar year, upon request by the Trustee, an Officer's Certificate (or supplement to an Officer's certificate otherwise being provided) as to the knowledge of such officer(s) of the Company's compliance or non-compliance with this Article, in each case attaching evidence of the current status of all Cannabis Permits;
- (g) meet all record keeping and reporting requirements set out by all applicable Governmental Authorities, including but not limited to, keeping records of all cannabis-related activities and inventories, as well as filing ongoing reports; which, at a minimum, must include, among other things, the total amounts (i) produced; (ii) released for sale; (iii) received from other licensed producers; (iv) sold or transferred to registered clients, other licensed producers and licensed dealers; or (v) otherwise retailed, with the associated revenues;
- (h) deliver to the Trustee: (i) at any reasonable time upon demand by the Trustee; and (ii) at a minimum annually, an Officer's Certificate attaching and certifying to the aggregate records described in Section 9.9(2)(g) above, for the preceding 12 months;
- (i) carry on and conduct its activities in accordance with all applicable laws and regulations of all Governmental Authorities;
- (j) meet all listing requirements for each stock exchange upon which it is listed relating to compliance with applicable law in all jurisdictions in which the Company has interests;
- (k) in no event, acquire or hold cannabis or cannabis-related operations or interests in the United States (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business, but not including options to acquire interests), or sell or distribute cannabis into the United States, so long as the production, distribution or possession of cannabis remains prohibited as a matter of any federal, territorial or state laws of the United States or is prohibited

as a matter of any applicable United States Governmental Authority;
and

- (1) in no event, acquire or hold cannabis or cannabis-related operations or interests in any other country (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business) if the production, distribution or possession of cannabis is prohibited as a matter of the law of the applicable country.
- (3) The Company acknowledges and agrees that notwithstanding any other provision of this Indenture, any default of any provision of this Article or any disruption of the market for financial services provided to cannabis businesses will result in the right of the Trustee, at its sole discretion, to resign as Trustee effective immediately, and the Company hereby acknowledges such right of the Trustee to immediately resign. For greater certainty, no cure period or advance notice is required to be given by the Trustee before the Trustee may exercise such discretion.
- (4) The Company acknowledges and agrees, in addition to any other provision herein relating to the resignation or replacement of the Trustee, that the Trustee may resign as Trustee and be discharged from all further duties and liabilities hereunder, without notice, if the Trustee reasonably determines that: (i) the Company has become unable to continue to lawfully operate any part of its cannabis or cannabis-related business or to own or maintain, directly or indirectly, its cannabis or cannabis-related investments or operations; or (ii) the Trustee would be prejudiced by continuing to act as Trustee hereunder.
- (5) The Company shall cause all of its subsidiaries to comply with the provisions of this Section 9.9 as if such subsidiaries were expressly referred to in such provisions in replacement of references to the Company, mutatis mutandis.

Section 9.10 No Dividends on Common Shares if Event of Default

The Company shall not declare or pay any dividend to the holders of its issued and outstanding Common Shares after the occurrence of an Event of Default unless and until such default shall have been cured or waived or shall have ceased to exist.

Section 9.11 Withholding Matters

- (1) All payments made by or on behalf of the Company under or with respect to the Debentures (including, without limitation, any penalties, interest and other liabilities related thereto) will be made free and clear of and without withholding, or deduction for, or on account of, any present or future tax, duty,

levy, impost, assessment or other governmental charge (including, without limitation, penalties, interest and other liabilities related hereto) imposed or levied by or on behalf of the Government of Canada or the United States or elsewhere, or of any province or territory thereof or by any authority or agency therein or thereof having power to tax (“**Withholding Taxes**”), unless the Company is required by law or the interpretation or administration thereof, to withhold or deduct any amounts for, or on account of Withholding Taxes. If the Company is so required to withhold or deduct any amount for, or on account of, Withholding Taxes from any payment made under or with respect to the Debentures, the Company will pay to each holder as additional interest such additional amounts (“**Additional Amounts**”) as may be necessary so that the net amount received by each holder after such withholding or deduction (and after deducting any Canadian taxes on such Additional Amounts) will not be less than the amount the holder would have received if such Canadian taxes had not been withheld or deducted.

- (2) The Company shall provide the Trustee with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of any forms received from such government authority or agency promptly after receipt thereof.

Section 9.12 SEC Reporting Status

The Company confirms that as at the date of execution of this Indenture it does not have a class of securities registered pursuant to Section 12 of the *U.S. Securities Exchange Act* or have a reporting obligation pursuant to Section 15(d) of the *U.S. Securities Exchange Act*.

The Company covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the *U.S. Securities Exchange Act* or such Company shall incur a reporting obligation pursuant to Section 15(d) of the *U.S. Securities Exchange Act*, or (ii) any such registration or reporting obligation shall be terminated by such Company in accordance with the *U.S. Securities Exchange Act*, such Company shall promptly deliver to the Trustee an Officers’ Certificate (in a form provided by the Trustee) notifying the Trustee of such registration or termination and such other information as the Trustee may require at the time. The Company acknowledges that the Trustee is relying upon the foregoing representation and covenants in order to meet certain U.S. Securities and Exchange Commission (the “**SEC**”) obligations with respect to those clients who are filing with the SEC.

Section 9.13 Compliance by Subsidiaries

The Company shall cause all of its subsidiaries to comply with the provisions of this Article 9 as if such subsidiaries were expressly referred to in such provisions in replacement of references to the Company, mutatis mutandis.

Section 9.14 Limitation on Indebtedness

The Company shall not, and shall not permit any Guarantor to, directly or indirectly, issue, incur, assume or otherwise become liable for or in respect of any secured Indebtedness other than Permitted Indebtedness unless the Senior Secured Debt to Annualized Adjusted EBITDA Ratio is less than 6.00:1.

Section 9.15 Negative Pledge

The Company shall not, and shall not permit any Guarantor to, create, assume or suffer to exist any Lien, other than Permitted Liens.

ARTICLE 10 – DEFAULT

Section 10.1 Events of Default

- (1) Each of the following events constitutes, and is herein sometimes referred to as, an “**Event of Default**”:
 - (a) failure for 30 calendar days to pay interest on the Debentures when due;
 - (b) failure to pay principal or premium (whether by way of payment of cash or delivery of Common Shares), if any, when due on the Debentures whether at maturity, upon redemption or a Change of Control, by declaration or otherwise;
 - (c) default in the delivery, when due, of any Common Shares or other consideration, payable on conversion of the Debentures, which default continues for 15 days;
 - (d) default in the observance or performance of any covenant or condition of the Indenture, any Supplemental Indenture or the Security Documents by the Company or any Guarantor and the failure to cure (or obtain a waiver for) such default for a period of 30 calendar days after notice in writing has been given by the Trustee or from holders of not less than 25% in aggregate principal amount of the Debentures then

outstanding to the Company specifying such default and requiring the Company to rectify such default or obtain a waiver for same;

- (e) if a decree or order of a Court having jurisdiction is entered adjudging the Company or any Guarantor a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Company or any Guarantor, or appointing a receiver of, or of any substantial part of, the property of the Company or any Guarantor or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 calendar days;
- (f) if the Company or any Guarantor institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of the Company or any Guarantor or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (g) if a resolution is passed for the winding-up or liquidation of the Company or any Guarantor except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Section 12.1 are duly observed and performed;
- (h) if, after the date of this Indenture, any proceedings with respect to the Company or any Guarantor are taken with respect to a compromise or arrangement, with respect to creditors of the Company or any Guarantor generally, under the applicable legislation of any jurisdiction; or
- (i) a default or an event of default (after the giving of all applicable notices or the expiry of all applicable grace or cure periods) under any one or more agreements, indentures or instruments under which any Obligor has outstanding indebtedness in excess of \$500,000,

then: (i) in each and every such event listed above, the Trustee may, in its discretion, but subject to the provisions of this Section, and shall, upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding (or if the Event of Default shall exist

only in respect of one or more series of the Debentures then outstanding, then upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures of such series then outstanding), subject to the provisions of Section 10.3, by notice in writing to the Company declare the principal of and interest and premium, if any, on all Debentures then outstanding and all other monies outstanding hereunder to be due and payable and the same shall thereupon forthwith become immediately due and payable (or, if the Event of Default shall exist only in respect of one or more series of the Debentures then outstanding, then the Trustee may declare due and payable the principal and interest and premium, if any, only with respect to such Debentures in respect of which there is an Event of Default) to the Trustee, and (ii) on the occurrence of an Event of Default under Section 10.1(1)(e), Section 10.1(1)(f) or Section 10.1(1)(g), the principal of and interest and premium, if any, on all Debentures then outstanding hereunder and all other monies outstanding hereunder, shall automatically without any declaration or other act on the part of the Trustee or any Debentureholder become immediately due and payable to the Trustee and, in either case, upon such amounts becoming due and payable in either (i) or (ii) above, the Company shall forthwith pay to the Trustee for the benefit of the Debentureholders such principal, accrued and unpaid interest and premium, if any, and interest on amounts in default on such Debenture and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Debentures on such principal, interest, premium and such other monies from the date of such declaration or event until payment is received by the Trustee, such subsequent interest to be payable at the times and places and in the manner mentioned in and according to the tenor of the Debentures. Such payment when made shall be deemed to have been made in discharge of the Company's obligations hereunder and any monies so received by the Trustee shall be applied in the manner provided in Section 10.6.

- (2) For greater certainty, for the purposes of this Section 10.1, a series of Debentures shall be in default in respect of an Event of Default if such Event of Default relates to a default in the payment of principal, premium, if any, or interest on the Debentures of such series in which case references to Debentures in this Section 10.1 refer to Debentures of that particular series.
- (3) For purposes of this Article 10, where the Event of Default refers to an Event of Default with respect to a particular series of Debentures as described in this Section 10.1, then this Article 10 shall apply mutatis mutandis to the Debentures of such series and references in this Article 10 to the Debentures shall mean Debentures of the particular series and references to the Debentureholders shall refer to the Debentureholders of the particular series, as applicable.

Section 10.2 Notice of Events of Default

If an Event of Default shall occur and be continuing the Trustee shall, within 30 calendar days following an Event of Default or after it receives written notice of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Section 13.2, provided that notwithstanding the foregoing, unless the Trustee shall have been requested to do so by the holders of at least 25% of the principal amount of the Debentures then outstanding, the Trustee shall not be required to give such notice if the Trustee in good faith shall have determined that the withholding of such notice is in the best interests of the Debentureholders and shall have so advised the Company in writing.

When notice of the occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Trustee to the Debentureholders within 15 days after the Trustee becomes aware the Event of Default has been cured.

Section 10.3 Waiver of Default

- (1) Upon the happening of any Event of Default hereunder:
 - (a) the holders of the Debentures shall have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of more than 50% of the principal amount of Debentures then outstanding, to instruct the Trustee to waive any Event of Default and to cancel any declaration made by the Trustee pursuant to Section 10.1 and the Trustee shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be prescribed in such requisition; provided that notwithstanding the foregoing if the Event of Default has occurred by reason of the non-observance or non-performance by the Company of any covenant applicable only to one or more series of Debentures, then the holders of more than 50% of the principal amount of the outstanding Debentures of that series shall be entitled to exercise the foregoing power and the Trustee shall so act and it shall not be necessary to obtain a waiver from the holders of any other series of Debentures; and
 - (b) the Trustee, so long as it has not become bound to declare the principal and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power, but shall not be obligated, to waive any Event of Default if, in the Trustee's opinion, the same shall have been cured or adequate satisfaction made

therefor, and in such event to cancel any such declaration theretofore made by the Trustee in the exercise of its discretion, upon such terms and conditions as the Trustee may deem advisable.

- (2) No such act or omission either of the Trustee or of the Debentureholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

Section 10.4 Enforcement by the Trustee

- (1) Subject to the provisions of Section 10.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders, if the Company shall fail to pay to the Trustee, forthwith after the same shall have been declared to be due and payable under Section 10.1, the principal of and premium (if any) and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as trustee hereunder to enforce the Security in accordance with the terms of the applicable Security Document or invoke any other remedy available to the Trustee at law or in equity, subject always to the right of the Debentureholders to instruct the Trustee to waive any Default or Default by Extraordinary Resolution as contemplated by Section 10.3 hereof.
- (2) The Trustee shall be entitled and empowered, either in its own name or as Trustee of an express trust, or as attorney-in-fact for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Company or its creditors or relative to or affecting its property. The Trustee is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective holders of the Debentures with authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such

other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Debentures, as may be necessary or advisable in the opinion of the Trustee, based on an opinion of counsel, in order to have the respective claims of the Trustee and of the holders of the Debentures against the Company or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 10.3, nothing contained in this Indenture shall be deemed to give to the Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.

- (3) The Trustee shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.
- (4) All rights of action hereunder may be enforced by the Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relating thereto.
- (5) Any such suit or proceeding instituted by the Trustee shall be brought in the name of the Trustee as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceeding.

Section 10.5 No Suits by Debentureholders

Subject to any rights or remedies available to the Trustee and the Debentureholders under applicable law or otherwise, no holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Company wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, unless: (a) such holder shall previously have given to the Trustee a written notice of the happening of an Event of Default hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the

holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

Section 10.6 Application of Monies by Trustee

- (1) Except as herein otherwise expressly provided, any monies received by the Trustee from the Company pursuant to the foregoing provisions of this Article 10, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Company, shall be applied, together with any other monies in the hands of the Trustee available for such purpose, as follows:
 - (a) first, in payment or in reimbursement to the Trustee of its compensation, costs, charges, expenses, borrowings, advances or other monies furnished or provided by or at the instance of the Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;
 - (b) second, but subject as hereinafter in this Section 10.6 provided, in payment, rateably and proportionately to the holders of Debentures, of the principal of and premium (if any) and accrued and unpaid interest and interest on amounts in default on the Debentures which shall then be outstanding in the priority of principal first and then premium and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal, premium (if any) and interest as may be directed by such resolution; and
 - (c) third, in payment of the surplus, if any, of such monies to the Company or its assigns;

provided, however, that no payment shall be made pursuant to clause (b) above in respect of the principal, premium or interest on any Debenture held, directly or indirectly, by or for the benefit of the Company or any Subsidiary (other than

any Debenture pledged for value and in good faith to a Person other than the Company or any Subsidiary but only to the extent of such person's interest therein) except subject to the prior payment in full of the principal, premium (if any) and interest (if any) on all Debentures which are not so held.

- (2) The Trustee shall not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving thereout such amount as the Trustee may think necessary to provide for the payments mentioned in Section 10.6(1), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures, but it may retain the money so received by it and invest or deposit the same as provided in Section 15.8 until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under its control shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth. The foregoing shall, however, not apply to a final payment in distribution hereunder.

Section 10.7 Notice of Payment by Trustee

Not less than 15 days' notice shall be given in the manner provided in Section 14.2 by the Trustee to the Debentureholders of any payment to be made under this Article 10. Such notice shall state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied. After the day so fixed, unless payment shall have been duly demanded and have been refused, the Debentureholders will be entitled to interest only on the balance (if any) of the principal monies, premium (if any) and interest due (if any) to them, respectively, on the Debentures, after deduction of the respective amounts payable in respect thereof on the day so fixed.

Section 10.8 Trustee May Demand Production of Debentures

The Trustee shall have the right to demand production of the Debentures in respect of which any payment of principal, interest or premium required by this Article 10 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Trustee may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Company as the Trustee shall deem sufficient.

Section 10.9 Remedies Cumulative

No remedy herein conferred upon or reserved to the Trustee, or upon or to the holders of Debentures is intended to be exclusive of any other remedy, but each and every such

remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

Section 10.10 Judgment Against the Company

The Company covenants and agrees with the Trustee that, in case of any judicial or other proceedings to enforce the rights of the Debentureholders, judgment may be rendered against it in favour of the Debentureholders or in favour of the Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and premium (if any) and the interest thereon and any other monies owing hereunder.

Section 10.11 Immunity of Directors, Officers and Others

The Debentureholders and the Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future officer, director or employee of the Company or holder of Common Shares of the Company or of any successor for the payment of the principal of or premium or interest on any of the Debentures or on any covenant, agreement, representation or warranty by the Company contained herein or in the Debentures.

ARTICLE 11 – SATISFACTION AND DISCHARGE

Section 11.1 Cancellation and Destruction

All Debentures shall forthwith after payment thereof be delivered to the Trustee and cancelled by it. All Debentures cancelled or required to be cancelled under this or any other provision of this Indenture shall be destroyed by the Trustee and, if required by the Company, the Trustee shall furnish to it a destruction certificate setting out the designating numbers of the Debentures so destroyed.

Section 11.2 Non-Presentation of Debentures

In case the holder of any Debenture shall fail to present the same for payment on the date on which the principal of, premium (if any) or the interest thereon or represented thereby becomes payable either at maturity or otherwise or shall not accept payment on account thereof and give such receipt therefor, if any, as the Trustee may require:

- (a) the Company shall be entitled to pay or deliver to the Trustee and direct it to set aside; or
- (b) in respect of monies in the hands of the Trustee which may or should be applied to the payment of the Debentures, the Company shall be entitled to direct the Trustee to set aside; or

- (c) if the redemption was pursuant to notice given by the Trustee, the Trustee may itself set aside;

the monies in trust to be paid to the holder of such Debenture upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the principal of, premium (if any) or the interest payable on or represented by each Debenture in respect whereof such monies have been set aside shall be deemed to have been paid and the holder thereof shall thereafter have no right in respect thereof except that of receiving delivery and payment of the monies so set aside by the Trustee upon due presentation and surrender thereof, subject always to the provisions of Section 11.3.

Section 11.3 Repayment of Unclaimed Monies

Subject to applicable law, any monies set aside under Section 11.2 and not claimed by and paid to holders of Debentures as provided in Section 11.2 within six years after the date of such setting aside shall be repaid and delivered to the Company by the Trustee and thereupon the Trustee shall be released from all further liability with respect to such monies and thereafter the holders of the Debentures in respect of which such monies were so repaid to the Company shall have no rights in respect thereof except to obtain payment and delivery of the monies from the Company subject to any limitation provided by the laws of the Province of Ontario.

Section 11.4 Discharge

The Trustee shall at the written request of the Company release and discharge this Indenture and execute and deliver such instruments as it shall be advised by Counsel are requisite for that purpose and to release the Company from its covenants herein contained (other than the provisions relating to the indemnification of the Trustee), upon proof being given to the reasonable satisfaction of the Trustee that the principal of, premium (if any) and interest (including interest on amounts in default, if any), on all the Debentures and all other monies payable hereunder have been paid or satisfied or that all the Debentures having matured or having been duly called for redemption, payment of the principal of and interest (including interest on amounts in default, if any) on such Debentures and of all other monies payable hereunder has been duly and effectually provided for in accordance with the provisions hereof.

Section 11.5 Satisfaction

The Company shall be deemed to have fully paid, satisfied and discharged all of the outstanding Debentures of any series and the Trustee, at the expense of the Company, shall execute and deliver proper instruments acknowledging the full payment, satisfaction and discharge of such Debentures, when, with respect to all of the outstanding Debentures or all of the outstanding Debentures of any series, as applicable:

- (a) the Company has deposited or caused to be deposited with the Trustee as trust funds or property in trust for the purpose of making payment on such Debentures, an amount in money sufficient to pay, satisfy and discharge the entire amount of principal of, premium, if any, and interest, if any, to maturity, or any repayment date, or any Change of Control Purchase Date, or upon conversion or otherwise as the case may be, of such Debentures;
- (b) the Company has deposited or caused to be deposited with the Trustee as trust property in trust for the purpose of making payment on such Debentures:
 - (i) if the Debentures are issued in Canadian dollars, such amount in Canadian dollars of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada; or
 - (ii) if the Debentures are issued in a currency or currency unit other than Canadian dollars, cash in the currency or currency unit in which the Debentures are payable and/or such amount in such currency or currency unit of direct obligations of, or obligations the principal and interest of which are guaranteed by, the government that issued the currency or currency unit in which the Debentures are payable;as will be sufficient to pay and discharge the entire amount of principal of, premium, if any on, and accrued and unpaid interest to maturity or any repayment date, as the case may be, of all such Debentures; or
- (c) all Debentures authenticated and delivered (other than (i) Debentures which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.11 and (ii) Debentures for whose payment has been deposited in trust and thereafter repaid to the Company as provided in Section 11.3) have been delivered to the Trustee for cancellation;

so long as in any such event:

- (d) the Company has paid, caused to be paid or made provisions to the satisfaction of the Trustee for the payment of all other sums payable or which may be payable with respect to all of such Debentures (together with all applicable expenses of the Trustee in connection with the payment of such Debentures); and

- (e) the Company has delivered to the Trustee an Officer's Certificate stating that all conditions precedent herein provided relating to the payment, satisfaction and discharge of all such Debentures have been complied with.
- (2) Any deposits with the Trustee referred to in this Section 11.5 shall be irrevocable, subject to Section 11.6, and shall be made under the terms of an escrow and/or trust agreement in form and substance satisfactory to the Trustee and which provides for the due and punctual payment of the principal of, premium, if any, and interest on the Debentures being satisfied.
- (3) Upon the satisfaction of the conditions set forth in this Section 11.5 with respect to all the outstanding Debentures, or all the outstanding Debentures of any series, as applicable, the terms and conditions of the Debentures, including the terms and conditions with respect thereto set forth in this Indenture (other than those contained in Article 2 and the provisions of Article 1 pertaining to Article 2) shall no longer be binding upon or applicable to the Company.
- (4) Any funds or obligations deposited with the Trustee pursuant to this Section 11.5 shall be denominated in the currency or denomination of the Debentures in respect of which such deposit is made.
- (5) If the Trustee is unable to apply any money or securities in accordance with this Section 11.5 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the affected Debentures shall be revived and reinstated as though no money or securities had been deposited pursuant to this Section 11.5 until such time as the Trustee is permitted to apply all such money or securities in accordance with this Section 11.5, provided that if the Company has made any payment in respect of principal of, premium, if any, or interest on Debentures or, as applicable, other amounts because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the holders of such Debentures to receive such payment from the money or securities held by the Trustee.

Section 11.6 Continuation of Rights, Duties and Obligations

- (1) Where trust funds or trust property have been deposited pursuant to Section 11.5, the holders of Debentures and the Company shall continue to have and be subject to their respective rights, duties and obligations under Article 2.
- (2) In the event that, after the deposit of trust funds or trust property pursuant to Section 11.5 in respect of a series of Debentures (the "**Defeased Debentures**"),

any holder of any of the Defeased Debentures from time to time converts its Debentures to Common Shares or other securities of the Company in accordance with the provisions of any series of Debentures), Article 8 or any other provision of this Indenture, the Trustee shall upon receipt of a Written Direction of the Company return to the Company from time to time the proportionate amount of the trust funds or other trust property deposited with the Trustee pursuant to Section 11.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures so converted (which amount shall be based on the applicable principal amount of the Defeased Debentures being converted in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

- (3) In the event that, after the deposit of trust funds or trust property pursuant to Section 11.5, the Company is required to make a Change of Control Offer to purchase any outstanding Debentures pursuant to the provisions of any series of Debentures or to make an offer to purchase Debentures pursuant to any other similar provisions relating to any other series of Debentures, the Company shall be entitled to use any trust money or trust property deposited with the Trustee pursuant to Section 11.5 for the purpose of paying to any holders of Defeased Debentures who have accepted any such offer of the Company the total offer price payable in respect of an offer relating to any series of Debentures. Upon receipt of a Written Direction from the Company, the Trustee shall be entitled to pay to such holder from such trust money or trust property deposited with the Trustee pursuant to Section 11.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures held by such holders who have accepted any such offer to the Company (which amount shall be based on the applicable principal amount of the Defeased Debentures held by accepting offerees in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

ARTICLE 12 – SUCCESSORS

Section 12.1 Company may Consolidate, etc., Only on Certain Terms

- (1) The Company may not, without the consent of the holders of the Debentures by Extraordinary Resolution hereunder, consolidate with or amalgamate or merge with or into any Person (other than a directly or indirectly wholly-owned Subsidiary of the Company) or sell, convey, transfer or lease all or substantially all of the properties and assets of the Company to another Person (other than a directly or indirectly wholly-owned Subsidiary of the Company) unless:
 - (a) the Person formed by such consolidation or into which the Company is amalgamated or merged, or the Person which acquires by sale,

conveyance, transfer or lease all or substantially all of the properties and assets of the Company expressly assumes, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the obligations of the Company under the Debentures and this Indenture and the performance or observance of every covenant and provision of this Indenture and the Debentures required on the part of the Company to be performed or observed and the conversion rights shall be provided for in accordance with Article 8, by Supplemental Indenture satisfactory in form to the Trustee, executed and delivered to the Trustee, by the Person formed by such consolidation or into which the Company shall have been merged or by the Person which shall have acquired the Company's assets;

- (b) after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and
 - (c) if the Company or the continuing corporation resulting from the amalgamation or merger of the Company with another Person will not be the resulting, continuing or surviving corporation, the Company shall have, at or prior to the effective date of such consolidation, amalgamation, merger or sale, conveyance, transfer or lease, delivered to the Trustee an Officer's Certificate and an opinion of Counsel, each stating that such consolidation, merger or transfer complies with this Article and, if a Supplemental Indenture is required in connection with such transaction, such Supplemental Indenture complies with this Article, and that all conditions precedent herein provided for relating to such transaction have been complied with.
- (2) For purposes of the foregoing, the sale, conveyance, transfer or lease (in a single transaction or a series of related transactions) of the properties or assets of one or more Subsidiaries of the Company (other than to the Company or another wholly-owned Subsidiary of the Company), which, if such properties or assets were directly owned by the Company, would constitute all or substantially all of the properties and assets of the Company and its Subsidiaries, taken as a whole, shall be deemed to be the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Company.

Section 12.2 Successor Substituted

Upon any consolidation of the Company with, or amalgamation or merger of the Company into, any other Person or any sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Company and its Subsidiaries, taken

as a whole, in accordance with Section 12.1, the successor Person formed by such consolidation or into which the Company is amalgamated or merged or to which such sale, conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein, and thereafter, except in the case of a lease, and except for obligations the predecessor Person may have under a Supplemental Indenture entered into pursuant to Section 12.1(1)(c), the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Debentures.

ARTICLE 13 – MEETINGS OF DEBENTUREHOLDERS

Section 13.1 Right to Convene Meeting

The Trustee or the Company may at any time and from time to time, and the Trustee shall, on receipt of a Written Direction of the Company or a written request signed by the holders of not less than 25% of the principal amount of the Debentures then outstanding and upon receiving funding and being indemnified to its reasonable satisfaction by the Company or by the Debentureholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Debentureholders. In the event of the Trustee failing, within 30 calendar days after receipt of any such request and such funding of indemnity, to give notice convening a meeting, the Company or such Debentureholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Toronto or at such other place as may be approved or determined by the Trustee.

Section 13.2 Notice of Meetings

- (1) At least 21 calendar days' notice of any meeting shall be given to the Debentureholders in the manner provided in Section 14.2 and a copy of such notice shall be sent by post to the Trustee, unless the meeting has been called by it. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article. The accidental omission to give notice of a meeting to any holder of Debentures shall not invalidate any resolution passed at any such meeting. A holder may waive notice of a meeting either before or after the meeting.
- (2) If the business to be transacted at any meeting by Extraordinary Resolution or otherwise, or any action to be taken or power exercised by instrument in writing under Section 13.16, especially affects the rights of holders of Debentures of one or more series in a manner or to an extent differing in any material way from

that in or to which the rights of holders of Debentures of any other series are affected (determined as provided in Section 13.2(3) and Section 13.2(4) then:

- (a) a reference to such fact, indicating each series of Debentures in the opinion of the Trustee so especially affected (hereinafter referred to as the “especially affected series”) shall be made in the notice of such meeting, and in any such case the meeting shall be and be deemed to be and is herein referred to as a “**Serial Meeting**”; and
- (b) the holders of Debentures of an especially affected series shall not be bound by any action taken at a Serial Meeting or by instrument in writing under Section 13.16 unless in addition to compliance with the other provisions of this Article 13:
 - (i) at such Serial Meeting: (A) there are Debentureholders present in person or by proxy and representing at least 25% in principal amount of the Debentures then outstanding of such series, subject to the provisions of this Article 13 as to quorum at adjourned meetings; and (B) the resolution is passed by the affirmative vote of the holders of more than 50% (or in the case of an Extraordinary Resolution not less than 66 $\frac{2}{3}$ %) of the principal amount of the Debentures of such series then outstanding voted on the resolution; or
 - (ii) in the case of action taken or power exercised by instrument in writing under Section 13.16, such instrument is signed in one or more counterparts by the holders of not less than 66 $\frac{2}{3}$ % in principal amount of the Debentures of such series then outstanding.
- (3) Subject to Section 13.2(4), the determination as to whether any business to be transacted at a meeting of Debentureholders, or any action to be taken or power to be exercised by instrument in writing under Section 13.16, especially affects the rights of the Debentureholders of one or more series in a manner or to an extent differing in any material way from that in or to which it affects the rights of Debentureholders of any other series (and is therefore an especially affected series) shall be determined by an opinion of Counsel, which shall be binding on all Debentureholders, the Trustee and the Company for all purposes hereof.
- (4) A proposal:

- (a) to extend the maturity of Debentures of any particular series or to reduce the principal amount thereof, the rate of interest or redemption premium thereon or to impair any conversion right thereof;
- (b) to modify or terminate any covenant or agreement which by its terms is effective only so long as Debentures of a particular series are outstanding; or
- (c) to reduce with respect to Debentureholders of any particular series any percentage stated in this Section 13.2 or Section 13.4, Section 13.12 and Section 13.16;

shall be deemed to especially affect the rights of the Debentureholders of such series in a manner differing in a material way from that in which it affects the rights of holders of Debentures of any other series, whether or not a similar extension, reduction, modification or termination is proposed with respect to Debentures of any or all other series.

Section 13.3 Chairman

Some person, who need not be a Debentureholder, nominated in writing by the Trustee shall be chairman of the meeting and if no Person is so nominated, or if the Person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, a majority of the Debentureholders present in person or by proxy shall choose some Person present to be chairman.

Section 13.4 Quorum

Subject to the provisions of Section 13.12, at any meeting of the Debentureholders a quorum shall consist of Debentureholders present in person or by proxy and representing at least 25% in principal amount of the outstanding Debentures and, if the meeting is a Serial Meeting, at least 25% of the Debentures then outstanding of each especially affected series. If a quorum of the Debentureholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Debentureholders or pursuant to a request of the Debentureholders, shall be dissolved, but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place to the extent possible and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Debentureholders present in person or by proxy shall, subject to the provisions of Section 13.12, constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Debentures or of the Debentures then

outstanding of each especially affected series. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the required quorum is present at the commencement of business.

Section 13.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Debentureholders is present may, with the consent of the holders of a majority in principal amount of the Debentures represented thereat, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

Section 13.6 Show of Hands

Every question submitted to a meeting shall, subject to Section 13.7, be decided in the first place by a majority of the votes given on a show of hands except that votes on Extraordinary Resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held by him.

Section 13.7 Poll

On every Extraordinary Resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Debentureholders or proxies for Debentureholders, a poll shall be taken in such manner and either at once or after an adjournment as the chairman shall direct. Questions other than Extraordinary Resolutions shall, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Debentures and of each especially affected series, if applicable, represented at the meeting and voted on the poll.

Section 13.8 Voting

On a show of hands every Person who is present and entitled to vote, whether as a Debentureholder or as proxy for one or more Debentureholders or both, shall have one vote. On a poll each Debentureholder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each \$1,000 principal amount of Debentures of which he shall then be the holder. In the case of any Debenture denominated in a currency or currency unit other than Canadian dollars, the principal amount thereof for these purposes shall be computed in Canadian

dollars on the basis of the conversion of the principal amount thereof at the applicable spot buying rate of exchange for such other currency or currency unit as reported by the Bank of Canada at the close of business on the Business Day next preceding the meeting. Any fractional amounts resulting from such conversion shall be rounded to the nearest \$100. A proxy need not be a Debentureholder. In the case of joint holders of a Debenture, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but in case more than one of them be present in person or by proxy, they shall vote together in respect of the Debentures of which they are joint holders.

Section 13.9 Proxies

A Debentureholder may be present and vote at any meeting of Debentureholders by an authorized representative. The Company (in case it convenes the meeting) or the Trustee (in any other case) for the purpose of enabling the Debentureholders to be present and vote at any meeting without producing their Debentures, and of enabling them to be present and vote at any such meeting by proxy and of lodging instruments appointing such proxies at some place other than the place where the meeting is to be held, may from time to time make and vary such regulations as it shall think fit providing for and governing any or all of the following matters:

- (a) the form of the instrument appointing a proxy, which shall be in writing, and the manner in which the same shall be executed and the production of the authority of any person signing on behalf of a Debentureholder;
- (b) the deposit of instruments appointing proxies at such place as the Trustee, the Company or the Debentureholder convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same must be deposited; and
- (c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, faxed, or sent by other electronic means before the meeting to the Company or to the Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as the holders of any Debentures, or as entitled to vote or be present at the meeting in respect thereof, shall be

Debentureholders and persons whom Debentureholders have by instrument in writing duly appointed as their proxies.

Section 13.10 Persons Entitled to Attend Meetings

The Company and the Trustee, by their respective officers and directors, the Auditors of the Company and the legal advisors of the Company, the Trustee and any Debentureholder may attend any meeting of the Debentureholders, but shall have no vote as such.

Section 13.11 Powers Exercisable by Extraordinary Resolution

- (1) In addition to the powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Debentureholders shall have the following powers exercisable from time to time by Extraordinary Resolution (subject in the case of the matters in paragraphs (a) – (d), (l) and (m) to the prior approval of the TSX or such other recognized stock exchange on which the Debentures are listed for trading):
 - (a) power to authorize the Trustee to grant extensions of time for payment of any principal, premium or interest on the Debentures, whether or not the principal, premium, or interest, the payment of which is extended, is at the time due or overdue;
 - (b) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Trustee (with its consent) against the Company, or against its property, whether such rights arise under this Indenture or the Debentures or otherwise;
 - (c) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture or any Debenture which shall be agreed to by the Company and to authorize the Trustee to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission;
 - (d) power to sanction any scheme for the reconstruction, reorganization or recapitalization of the Company or for the consolidation, amalgamation, arrangement, combination or merger of the Company with any other Person or for the sale, leasing, transfer or other disposition of all or substantially all of the undertaking, property and assets of the Company or any part thereof, provided that no such sanction shall be necessary in respect of any such transaction if the provisions of Section 12.1 shall have been complied with;

- (e) power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;
- (f) power to waive, and direct the Trustee to waive, any default hereunder and/or cancel any declaration made by the Trustee pursuant to Section 10.1 either unconditionally or upon any condition specified in such Extraordinary Resolution;
- (g) power to restrain any Debentureholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal, premium or interest on the Debentures, or for the execution of any trust or power hereunder;
- (h) power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 10.5, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;
- (i) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Company;
- (j) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be themselves Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings and the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All

acts of any such committee within the authority delegated to it shall be binding upon all Debentureholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

- (k) power to remove the Trustee from office and to appoint a new Trustee or Trustees provided that no such removal shall be effective unless and until a new Trustee or Trustees shall have become bound by this Indenture;
 - (l) power to sanction the exchange of the Debentures for or the conversion thereof into shares, bonds, debentures or other securities or obligations of the Company or of any other Person formed or to be formed;
 - (m) power to authorize the distribution in specie of any shares or securities received pursuant to a transaction authorized under the provisions of Section 13.11(1); and
 - (n) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to Section 13.11(1)(j).
- (2) Notwithstanding the foregoing provisions of this Section 13.11 none of such provisions shall in any manner allow or permit any amendment, modification, abrogation or addition to the provisions of Article 8 which could reasonably be expected to detrimentally affect the rights, remedies or recourse of the priority of the Debentureholders.

Section 13.12 Meaning of “Extraordinary Resolution”

- (1) The expression “**Extraordinary Resolution**” when used in this Indenture means, subject as hereinafter in this Article provided, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of this Article at which the holders of not less than 25% of the principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, at which holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are present in person or by proxy and passed by the favourable votes of the holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting by the affirmative vote of the holders of not less than 66 $\frac{2}{3}$ % of each especially affected series, in each

case present or represented by proxy at the meeting and voted upon on a poll on such resolution.

- (2) If, at any such meeting, the holders of not less than 25% of the principal amount of the Debentures then outstanding and, if the meeting is a Serial Meeting, 25% of the principal amount of the Debentures then outstanding of each especially affected series, in each case are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Debentureholders, shall be dissolved but in any other case it shall stand adjourned to such date, being not less than 14 nor more than 60 calendar days later, and to such place and time as may be appointed by the chairman. Not less than 10 calendar days' notice shall be given of the time and place of such adjourned meeting in the manner provided in Section 14.2. Such notice shall state that at the adjourned meeting the Debentureholders present in person or by proxy shall form a quorum. At the adjourned meeting the Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed thereat by the affirmative vote of holders of not less than 66²/₃% of the principal amount of the Debentures then outstanding and, if the meeting is a Serial Meeting, by the affirmative vote of the holders of not less than 66²/₃% of the principal amount of the Debentures of each especially affected series, in each case present or represented by proxy at the meeting and voted upon on a poll shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the holders of not less than 25% in principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are not present in person or by proxy at such adjourned meeting.
- (3) Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

Section 13.13 Powers Cumulative

Any one or more of the powers in this Indenture stated to be exercisable by the Debentureholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers from time to time shall not be deemed to exhaust the rights of the Debentureholders to exercise the same or any other such power or powers thereafter from time to time.

Section 13.14 Powers Exercisable by Ordinary Resolution

- (1) The expression “**Ordinary Resolution**” when used in this Indenture means, subject as hereinafter in this Article provided, a resolution proposed to be passed as an Ordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of this Article at which the holders of not less than 25% of the principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, at which holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are present in person or by proxy and passed by the favourable votes of the holders of greater than 50% of the principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting by the affirmative vote of the holders of greater than 50% of each especially affected series, in each case present or represented by proxy at the meeting and voted upon on a poll on such resolution.
- (2) A meeting of the Debentureholders shall have the following powers exercisable from time to time by Ordinary Resolution:
 - (a) the approval of the incurrence of additional Indebtedness by an Obligor, if required hereunder;
 - (b) an amendment of any term, covenant or condition of this Indenture as it relates to the Security and any of the Security Documents and Guarantees provided such amendment is not reasonably expected to have an adverse effect on the rights or interests of the Debentureholders; and
 - (c) the entering into an intercreditor agreement in respect of any Indebtedness incurred pursuant to clause (a) of the definition of Permitted Indebtedness.

Section 13.15 Minutes

Minutes of all resolutions and proceedings at every meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Company, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Debentureholders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken thereat to have been duly passed and taken.

Section 13.16 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Debentureholders at a meeting held as hereinbefore in this Article provided may also be taken and exercised by the holders of 662/3% of the principal amount of all the outstanding Debentures and, if the meeting at which such actions might be taken would be a Serial Meeting, by the holders of 662/3% of the principal amount of the Debentures then outstanding of each especially affected series, by an instrument in writing signed in one or more counterparts and the expression “**Extraordinary Resolution**” when used in this Indenture shall include an instrument so signed. Notwithstanding the foregoing, all actions which may be taken and all powers that may be exercised by the Debentureholders pursuant to Section 13.14 of this Indenture may also be taken and exercised by the holders of greater than 50% of the principal amount of all the outstanding Debentures and, if the meeting at which such actions might be taken would be a Serial Meeting, by the holders of greater than 50% of the principal amount of the Debentures then outstanding of each especially affected series, by an instrument in writing signed in one or more counterparts and the expression “**Ordinary Resolution**” when used in this Indenture shall include an instrument so signed.

Section 13.17 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article at a meeting of Debentureholders shall be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Debentureholders in accordance with Section 13.16 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

Section 13.18 Evidence of Rights Of Debentureholders

- (1) Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Debentureholders may be in any number of concurrent instruments of similar tenor signed or executed by such Debentureholders.
- (2) The Trustee may, in its discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it shall consider proper.

Section 13.19 Concerning Serial Meetings

If in the opinion of Counsel any business to be transacted at any meeting, or any action to be taken or power to be exercised by instrument in writing under Section 13.16, does not adversely affect the rights of the holders of Debentures of one or more series, the provisions of this Article 13 shall apply as if the Debentures of such series were not outstanding and no notice of any such meeting need be given to the holders of Debentures of such series. Without limiting the generality of the foregoing, a proposal to modify or terminate any covenant or agreement which is effective only so long as Debentures of a particular series are outstanding shall be deemed not to adversely affect the rights of the holders of Debentures of any other series.

ARTICLE 14 – NOTICES

Section 14.1 Notice to Company

Any notice to the Company under the provisions of this Indenture shall be valid and effective if delivered to the Company at: 85 Basaltic Road, Concord, ON L4K 1G4, Attention: Chief Executive Officer, or if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, shall be deemed to have been effectively given three days following the mailing thereof. The Company may from time to time notify the Trustee in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Company for all purposes of this Indenture.

Section 14.2 Notice to Debentureholders

- (1) All notices to be given hereunder with respect to the Debentures shall be deemed to be validly given to the holders thereof if sent by first class mail, postage prepaid, by letter or circular addressed to such holders at their post office addresses appearing in any of the registers hereinbefore mentioned and shall be deemed to have been effectively given three days following the day of mailing; provided that for any Debentures held through CDS or other Depository, if any notice or other communication is required to be given to Debentureholders, the Trustee or the Company may give such notices and communications to CDS or such other Depository by e-mail or facsimile (at such email or facsimile number as is given by CDS or the Depository, as applicable, for such purpose from time to time) or in such other manner as is acceptable to CDS or the Depository, as applicable, and notice will deemed to have been effective/given on the date of delivery. Accidental error or omission in giving notice or accidental failure to mail notice to any Debentureholder or the inability of the Company to give or mail any notice due to anything beyond the reasonable control of the Company shall not invalidate any action or proceeding founded thereon. Accidental error or omission in giving notice or accidental failure to mail notice to any

Debentureholder or the inability of the Company to give or mail any notice due to anything beyond the reasonable control of the Company shall not invalidate any action or proceeding founded thereon.

- (2) If any notice given in accordance with the foregoing paragraph would be unlikely to reach the Debentureholders to whom it is addressed in the ordinary course of post by reason of an interruption in mail service, whether at the place of dispatch or receipt or both, the Company shall give such notice by publication at least once in the city of Toronto (or in such of those cities as, in the opinion of the Trustee, is sufficient in the particular circumstances), each such publication to be made in a daily newspaper of general circulation in the designated city.
- (3) Any notice given to Debentureholders by publication shall be deemed to have been given on the day on which publication shall have been effected at least once in each of the newspapers in which publication was required.
- (4) All notices with respect to any Debenture may be given to whichever one of the holders thereof (if more than one) is named first in the registers hereinbefore mentioned, and any notice so given shall be sufficient notice to all holders of any persons interested in such Debenture.

Section 14.3 Notice to Trustee

Any notice to the Trustee under the provisions of this Indenture shall be valid and effective if delivered, receipt confirmed, to the Trustee at its principal office in the City of Montreal, at 1500, Robert-Bourassa Boulevard, suite 700, Montreal, Quebec H3A 3S8., Attn: General Manager, Corporate Trust Services, or by email: NoticesCTmontreal@computershare.com and shall be deemed to have been effectively given as of the date of such receipt confirmation or if given by registered letter, postage prepaid, to such office and so addressed and, if mailed, shall be deemed to have been effectively given three days following the mailing thereof.

Section 14.4 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Trustee would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to Section 14.3, such notice shall be valid and effective only if delivered at the appropriate address in accordance with Section 14.3.

ARTICLE 15 – CONCERNING THE TRUSTEE

Section 15.1 Replacement of Trustee

- (1) The Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Company 90 days' notice in writing or such shorter notice as the Company may accept as sufficient. If at any time a material conflict of interest exists in the Trustee's role as a fiduciary hereunder the Trustee shall, within 30 calendar days after ascertaining that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in this Section 15.1. The validity and enforceability of this Indenture and of the Debentures issued hereunder shall not be affected in any manner whatsoever by reason only that such a material conflict of interest exists. In the event of the Trustee resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Company shall forthwith appoint a new Trustee unless a new Trustee has already been appointed by the Debentureholders. Failing such appointment by the Company, the retiring Trustee or any Debentureholder may apply to a Judge of the Ontario Superior Court of Justice, on such notice as such Judge may direct at the Company's expense, for the appointment of a new Trustee but any new Trustee so appointed by the Company or by the Court shall be subject to removal as aforesaid by the Debentureholders and the appointment of such new Trustee shall be effective only upon such new Trustee becoming bound by this Indenture. Any new Trustee appointed under any provision of this Section 15.1 shall be a corporation authorized to carry on the business of a trust company in one or more of the Provinces of Canada. On any new appointment the new Trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Trustee.
- (2) Any company into which the Trustee may be merged or, with or to which it may be consolidated, amalgamated or sold, or any company resulting from any merger, consolidation, sale or amalgamation to which the Trustee shall be a party, or any company which shall purchase all or substantially all of the corporate trust book of business of the Trustee, shall be the successor trustee under this Indenture without the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Trustee or of the Company, the Trustee ceasing to act shall execute and deliver an instrument assigning and transferring to such successor Trustee, upon the trusts herein expressed, all the rights, powers and trusts of the Trustee so ceasing to act, and, upon receipt by the Trustee of payment in full for any outstanding charges due to it, shall duly assign, transfer and deliver all property and money held by such Trustee to the successor Trustee so appointed in its place. Should any deed,

conveyance or instrument in writing from the Company be required by any new Trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall on request of said new Trustee, be made, executed, acknowledged and delivered by the Company.

Section 15.2 Duties of Trustee

In the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Trustee shall act honestly and in good faith with a view to the best interests of the Debentureholders, and shall exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

Section 15.3 Reliance Upon Declarations, Opinions, etc.

In the exercise of its rights, duties and obligations hereunder the Trustee may, if acting in good faith, rely, as to the truth of the statements and accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or requirement of this Indenture or required by the Trustee to be furnished to it in the exercise of its rights and duties hereunder, if the Trustee examines such statutory declarations, opinions, reports or certificates and determines that they comply with Section 15.4, if applicable, and with any other applicable requirements of this Indenture. The Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Trustee may rely on an opinion of Counsel satisfactory to the Trustee notwithstanding that it is delivered by a solicitor or firm which acts as solicitors for the Company.

The Trustee shall have no obligation to ensure or verify compliance with any applicable laws or regulatory requirements on the issue or transfer of any Debentures provided such issue or transfer is effected in accordance with the terms of this Indenture. The Trustee shall be entitled to process all transfers, conversions and redemptions upon the presumption that such transfer, conversion and redemption is permissible pursuant to all applicable laws and regulatory requirements if such transfer, conversion and redemption is effected in accordance with the terms of this Indenture. The Trustee shall have no obligation, other than to confer with the Company and its Counsel, to ensure that legends appearing on the Debentures comply with regulatory requirements or securities laws of any applicable jurisdiction.

Section 15.4 Evidence and Authority to Trustee, Opinions, etc.

- (1) The Company shall furnish to the Trustee evidence of compliance with the conditions precedent provided for in this Indenture relating to any action or step

required or permitted to be taken by the Company or the Trustee under this Indenture or as a result of any obligation imposed under this Indenture, including without limitation, the certification and delivery of Debentures hereunder, the satisfaction and discharge of this Indenture and the taking of any other action to be taken by the Trustee at the request of or on the application of the Company, forthwith if and when (a) such evidence is required by any other Section of this Indenture to be furnished to the Trustee in accordance with the terms of this Section 15.4, or (b) the Trustee, in the exercise of its rights and duties under this Indenture, gives the Company written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

- (2) Such evidence shall consist of
 - (a) a certificate made by any two officers or directors of the Company, stating that any such condition precedent has been complied with in accordance with the terms of this Indenture;
 - (b) in the case of a condition precedent compliance with which is, by the terms of this Indenture, made subject to review or examination by a solicitor, an opinion of Counsel that such condition precedent has been complied with in accordance with the terms of this Indenture; and
 - (c) in the case of any such condition precedent compliance with which is subject to review or examination by auditors or accountants, an opinion or report of the Auditors of the Company whom the Trustee for such purposes hereby approves, that such condition precedent has been complied with in accordance with the terms of this Indenture.
- (3) Whenever such evidence relates to a matter other than the certificates and delivery of Debentures and the satisfaction and discharge of this Indenture, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other Person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a trustee, officer or employee of the Company it shall be in the form of a statutory declaration. Such evidence shall be, so far as appropriate, in accordance with the immediately preceding paragraph of this Section.
- (4) Each statutory declaration, certificate, opinion or report with respect to compliance with a condition precedent provided for in the Indenture shall include (a) a statement by the Person giving the evidence that he has read and is familiar with those provisions of this Indenture relating to the condition

precedent in question, (b) a brief statement of the nature and scope of the examination or investigation upon which the statements or opinions contained in such evidence are based, (c) a statement that, in the belief of the Person giving such evidence, he has made such examination or investigation as is necessary to enable him to make the statements or give the opinions contained or expressed therein, and (d) a statement whether in the opinion of such Person the conditions precedent in question have been complied with or satisfied.

- (5) The Company shall furnish or cause to be furnished to the Trustee at any time if the Trustee reasonably so requires, its certificate that the Company has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which would, with the giving of notice or the lapse of time, or both, or otherwise, constitute an Event of Default, or if such is not the case, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such non-compliance. The Company shall, whenever the Trustee so requires, furnish the Trustee with evidence by way of statutory declaration, opinion, report or certificate as specified by the Trustee as to any action or step required or permitted to be taken by the Company or as a result of any obligation imposed by this Indenture.

Section 15.5 Officer's Certificates Evidence

Except as otherwise specifically provided or prescribed by this Indenture, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, the Trustee, if acting in good faith, may rely upon an Officer's Certificate.

Section 15.6 Experts, Advisers and Agents

The Trustee may:

- (a) employ or retain and act and rely on the opinion or advice of or information obtained from any solicitor, auditor, valuer, engineer, surveyor, appraiser or other expert, whether obtained by the Trustee or by the Company, or otherwise, and shall not be liable for acting, or refusing to act, in good faith on any such opinion or advice and shall not be responsible for any misconduct on the part of any of them and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid. The reasonable costs of such services shall be added to and become part of the Trustee's remuneration hereunder;

- (b) employ such agents and other assistants as it may reasonably require for the proper discharge of its duties hereunder, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the trusts hereof and any solicitors employed or consulted by the Trustee may, but need not be, solicitors for the Company; and
- (c) the Trustee shall be entitled to receive reimbursement for all reasonable disbursements, costs, liabilities and expenses made or incurred by it with respect to this Section.

Section 15.7 Trustee May Deal in Debentures

Subject to Section 15.2, the Trustee may, in its personal or other capacity, buy, sell, lend upon and deal in the Debentures and generally contract and enter into financial transactions with the Company or otherwise, without being liable to account for any profits made thereby.

Section 15.8 Investment of Monies Held by Trustee

- (1) Unless otherwise provided in this Indenture, any monies held by the Trustee, which, under this Indenture, may or ought to be invested or which may be on deposit with the Trustee or which may be in the hands of the Trustee, may be invested and reinvested in the name or under the control of the Trustee in securities in which, under the laws of the Province of Ontario, trustees are authorized to invest trust monies, provided that such securities are expressed to mature within two years or such shorter period selected to facilitate any payments expected to be made under this Indenture, after their purchase by the Trustee, and unless and until the Trustee shall have declared the principal of and interest on the Debentures to be due and payable, the Trustee shall so invest such monies at the Written Direction of the Company given in a reasonably timely manner. Pending the investment of any monies as hereinbefore provided, such monies may be deposited in the name of the Trustee in any chartered bank of Canada or, with the consent of the Company, in the deposit department of the Trustee or any other loan or trust company authorized to accept deposits under the laws of Canada or any Province thereof at the rate of interest, if any, then current on similar deposits.
- (2) Unless and until the Trustee shall have declared the principal of and interest on the Debentures to be due and payable, the Trustee shall pay over to the Company

all interest received by the Trustee in respect of any investments or deposits made pursuant to the provisions of this Section.

Section 15.9 Trustee Not Ordinarily Bound

Except as provided in Section 10.2 and as otherwise specifically provided herein, the Trustee shall not, subject to Section 15.2, be bound to give notice to any Person of the execution hereof, nor to do, observe or perform or see to the observance or performance by the Company of any of the obligations herein imposed upon the Company or of the covenants on the part of the Company herein contained, nor in any way to supervise or interfere with the conduct of the Company's business, unless the Trustee shall have been required to do so in writing by the holders of not less than 25% of the aggregate principal amount of the Debentures then outstanding or by any Extraordinary Resolution of the Debentureholders passed in accordance with the provisions contained in Article 13, and then only after it shall have been funded and indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

Section 15.10 Trustee Not Required to Give Security

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

Section 15.11 Trustee Not Bound to Act on Trust's Request

Except as otherwise specifically provided in this Indenture, the Trustee shall not be bound to act in accordance with any direction or request of the Company until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Trustee, and the Trustee shall be empowered to act upon any such copy purporting to be authenticated and believed by the Trustee to be genuine.

Section 15.12 Conditions Precedent to Trustee's Obligations to Act Hereunder

- (1) The obligation of the Trustee to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Trustee and of the Debentureholders hereunder shall be conditional upon the Debentureholders furnishing when required by notice in writing by the Trustee, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Trustee to protect and hold harmless the Trustee against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.

- (2) None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.
- (3) The Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding require the Debentureholders at whose instance it is acting to deposit with the Trustee the Debentures held by them for which Debentures the Trustee shall issue receipts.

Section 15.13 Authority to Carry on Business

The Trustee represents to the Company that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business of a trust company in each of the provinces of Canada but if, notwithstanding the provisions of this Section 15.13, it ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the securities issued hereunder shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in any of the provinces of Canada, either become so authorized or resign in the manner and with the effect specified in Section 15.1.

Section 15.14 Compensation and Indemnity

- (1) The Company shall pay to the Trustee from time to time compensation for its services hereunder as agreed separately by the Company and the Trustee, and shall pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of its duties under this Indenture (including the reasonable and documented compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Trustee under this Indenture shall be finally and fully performed. Any fees and expenses of the Trustee in connection herewith shall be paid by the Company within 30 calendar days of issuance of an invoice therefor and, if not so paid, shall bear interest at a rate per annum to the then-current rate of interest charged by the Trustee to its corporate clients. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.
- (2) The Company hereby indemnifies and holds the Trustee and its affiliates, their successors and assigns, as well as its and their respective directors, officers, employees and agents, harmless from and against any and all claims, demands, assessments, interest, penalties, actions, suits, proceedings, liabilities, losses (excluding loss of profits), damages (excluding consequential damages), costs

and expenses, including, without limiting the foregoing, expert, consultant and counsel fees and disbursements on a solicitor and client basis, arising from or in connection with any actions or omissions that the Trustee or they take pursuant to this Indenture, provided that any such action or omission is without gross negligence, bad faith, wilful misconduct or fraud or is taken on advice and instructions given to the Trustee or them by the Company, or the Company's representatives, including the Company's legal counsel, or counsel consulted by the Trustee or them. This indemnity shall survive the resignation or removal of the Trustee and the termination or discharge of this Indenture.

- (3) Notwithstanding any other provision of this Indenture, the Trustee shall not be liable under any circumstances whatsoever for any (i) breach by any other party of the Applicable Securities Legislation or other rule of any securities regulatory authority, (ii) lost profits or (iii) special, indirect, incidental, punitive, consequential or special damages of any Person.
- (4) the Trustee shall not be liable for or by reason of any statements of fact or recitals in this Indenture or in the Debentures or required to verify the same, but all such statements or recitals are and shall be deemed to be made by the Company.
- (5) The Trustee shall not be bound to give to any Person notice of the execution of this Indenture unless and until an Event of Default and a declaration of acceleration has occurred, and the Trustee has determined or become obliged to enforce the same.
- (6) The Trustee shall not incur any liability or be in any way responsible for the consequence of any breach on the part of the Company of any of the covenants contained in this Indenture or of any acts of the agents, mandataries or servants of the Company.
- (7) The Trustee may, in the exercise of all or any of the trusts, powers and discretion vested in it under this Indenture, act by the responsible officers of the Trustee; the Trustee may, with the Consent of the Company, delegate to any Person the performance of any of the trusts and powers vested in it by this Indenture, and any delegation may be made upon such terms and conditions and subject to such regulations as the Trustee may think to be in the best interest of the Debentureholders
- (8) The Trustee shall not be responsible for any error made or act done by it resulting from reliance upon the signature of any person on behalf of the Company or of any person on whose signature the Trustee may be called upon to act or refrain from acting under this Indenture.

Section 15.15 Acceptance of Trust

The Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who shall from time to time be Debentureholders, subject to all the terms and conditions herein set forth.

Section 15.16 Third Party Interests

Each party to this Indenture (in this paragraph referred to as a “representing party”) hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of such representing party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such representing party hereby agrees to complete, execute and deliver forthwith to the Trustee a declaration, in the Trustee’s prescribed form or in such other form as may be satisfactory to it, as to the particulars of such third party.

Section 15.17 Anti-Money Laundering

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, acting reasonably, determines that such act might cause it to be in noncompliance with any applicable anti-money laundering or anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on 10 calendar days’ prior written notice sent to the Company provided that (i) the Trustee’s written notice shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Trustee’s satisfaction within such 10-day period, then such resignation shall not be effective.

Section 15.18 Privacy Laws

The Company acknowledges that the Trustee may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

- (a) to provide the services required under this Indenture and other services that may be requested from time to time;

- (b) to help the Trustee manage its servicing relationships with such individuals;
- (c) to meet the Trustee's legal and regulatory requirements; and
- (d) if Social Insurance Numbers are collected by the Trustee, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

Each party acknowledges and agrees that the Trustee may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this Indenture for the purposes described above and, generally, in the manner and on the terms described in its Privacy Code, which the Trustee shall make available on its website, www.computershare.com, or upon request, including revisions thereto. The Trustee may transfer personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the services it provides.

Further, each party agrees that it shall not provide or cause to be provided to the Trustee any personal information relating to an individual who is not a party to this Indenture unless that party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

Section 15.19 Force Majeure

Neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

ARTICLE 16 – SUPPLEMENTAL INDENTURES

Section 16.1 Supplemental Indentures

From time to time the Trustee and, when authorized by a resolution of the directors of Company, the Company, may, subject to the provisions hereof and subject to the prior approval of the TSX or such other recognized stock exchange on which the Debentures are then listed), as applicable, and they shall when required by this Indenture, execute, acknowledge and deliver by their proper officers deeds or indentures supplemental

hereto which thereafter shall form part hereof, for any one or more of the following purposes:

- (a) providing for the issuance of Debentures under this Indenture;
- (b) adding to the covenants of the Company herein contained for the protection of the Debentureholders, or of the Debentures of any series, or providing for events of default, in addition to those herein specified;
- (c) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debentures which do not affect the substance thereof and which in the opinion of the Trustee relying on an opinion of Counsel will not be prejudicial to the interests of the Debentureholders;
- (d) evidencing the succession, or successive successions, of others to the Company and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture;
- (e) giving effect to any Extraordinary Resolution passed as provided in Article 13; and
- (f) for any other purpose not inconsistent with the terms of this Indenture.

Unless the Supplemental Indenture requires the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, by Extraordinary Resolution, the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, shall not be required in connection with the execution, acknowledgement or delivery of a Supplemental Indenture. The Company and the Trustee may amend any of the provisions of this Indenture related to matters of United States law or the issuance of Debentures into the United States in order to ensure that such issuances can be made in accordance with applicable law in the United States without the consent or approval of the Debentureholders provided that, in the opinion of the Trustee (relying on an opinion of Counsel), the rights of the Debentureholders are in no way prejudiced thereby. Further, the Company and the Trustee may without the consent or concurrence of the Debentureholders or the holders of a particular series of Debentures, as the case may be, by Supplemental Indenture or otherwise, make any changes or corrections in this Indenture which it shall have been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained herein or in any indenture supplemental hereto or any Written Direction of the Company provided for the issue of

Debentures, providing that in the opinion of the Trustee (relying upon an opinion of Counsel) the rights of the Debentureholders are in no way prejudiced thereby.

ARTICLE 17 – EXECUTION AND FORMAL DATE

Section 17.1 Execution

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

Section 17.2 Formal Date

For the purpose of convenience this Indenture may be referred to as bearing the formal date of June 27, 2022 irrespective of the actual date of execution hereof.

The parties have executed this Agreement.

ALEAFIA HEALTH INC.

DocuSigned by:
By: Tricia Symmes
01B88383EC0C42B...
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
By: Matthew Sale
E4E5F0C7EE44F1...
Name: Matthew Sale
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY
OF CANADA**

By: _____
Name:
Title: Corporate Trust Officer

By: _____
Name:
Title: Corporate Trust Officer

The parties have executed this Agreement.

ALEAFIA HEALTH INC.

By: _____
Name: Patricia Ann Symmes-Rizakos
Title: Chief Executive Officer

By: _____
Name: Matthew Sale
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY
OF CANADA**

By:  _____
Name: Jonathan Champoux Cadoche
Title: Corporate Trust Officer

By:  _____
Name: **Geneviève Leduc**
Title: Corporate Trust Officer

Schedule 1
Intercreditor Agreement

See attached.

SUBORDINATION, POSTPONEMENT AND STANDSTILL AGREEMENT

TO: NE SPC II LP (the “Lender”)

Re: Lender credit facilities in favour of Aleafia Health Inc. (the “Borrower”), Emblem Cannabis Corporation (“Emblem”) and Aleafia Farms Inc. (“AFI”)

DATE: June __, 2022

WHEREAS the Lender, the Borrower, Emblem, AFI, Emblem Corp., Canabo Medical Corporation and Aleafia Inc. have entered into a loan agreement dated as of December 24, 2021, as (such agreement as amended, restated, supplemented, replaced or otherwise modified from time to time, the “**Loan Agreement**”);

AND WHEREAS the Lender has been or may be granted security interests, claims, charges, liens or other encumbrances by the Borrower, Emblem, AFI, Emblem Corp., Canabo Medical Corporation and Aleafia Inc. (collectively, the “**Obligors**” and each an “**Obligor**”) and has registered or may register such security interest, claims, charges, liens and other encumbrances against one or more of the Obligors, including, without limitation, under the *Personal Property Security Act* of any Province or Territory of Canada or other applicable personal property security legislation, or under the *Land Titles Act* (Ontario) or *Registry Act* (Ontario) or other applicable land registry legislation (the “**Senior Security**”);

AND WHEREAS the Lender requires a security position in priority to the undersigned against all of the Obligors’ respective present and after-acquired property, assets and undertakings as a condition to extending credit to the Borrowers;

AND WHEREAS pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated, or replaced from time to time, the “**Subordinate Indenture**”) between the Borrower and Computershare Trust Company of Canada (“**CTCC**”), in its capacity as trustee and on behalf of the Debentureholders (as defined in the Subordinate Indenture), CTCC on its own behalf and on behalf of the Debentureholders (collectively, the “**Subordinate Creditors**”) has been or may be granted security interests, claims, charges, liens or other encumbrances by any of the Obligors and has registered or may register such security interests, claims, charges, liens or other encumbrances against any of the Obligors, including, without limitation, under the *Personal Property Security Act* of any Province or Territory of Canada or other applicable personal property security legislation, or under the *Land Titles Act* (Ontario) or *Registry Act* (Ontario) or other applicable land registry legislation (the “**Subordinate Security**”);

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the undersigned, the Subordinate Creditors hereby consent to the Senior Security granted by the Obligors to and in favour of the Lender and acknowledge, covenant and agree to and in favour of the Lender:

1. From the date hereof to December 31, 2023, all present and future indebtedness and liability of the Obligors to the Subordinate Creditors under the Subordinate Indenture and the Debentures (as defined in the Subordinate Indenture) (collectively, the “**Subordinated Obligations**”) are hereby subordinated, deferred and postponed to all present and future indebtedness and liability of the Obligors to the Lender under the Loan Agreement and no payment shall be made or received on account of the Subordinated Obligations (including, without limitation, in connection with any conversion, redemption or purchase of Debentures, in whole or in part), and any and all moneys received by the Subordinate Creditors in respect thereof will be received in trust for and forthwith paid over to the Lender, except that:

(a) the Borrower shall be able to make and CTCC shall be able to receive, payment or reimbursement to CTCC of:

- (i) compensation for its services under the Subordinate Indenture and all reasonable expenses and disbursements incurred or made by CTCC in the administration or execution of its duties under the Subordinate Indenture (including the reasonable and documented compensation and disbursements of its counsel and all other advisers and assistants not regularly in its employ); and
 - (ii) any indemnity payments for any and all claims, demands, assessments, interest, penalties, actions, suits, proceedings, liabilities, losses (excluding loss of profits), damages (excluding consequential damages), costs and expenses, including, without limiting the foregoing, expert, consultant and counsel fees and disbursements on a solicitor and client basis, arising from or in connection with any actions or omissions that CTCC takes pursuant to the Subordinate Indenture, provided any such action or omission is without gross negligence, bad faith, wilful misconduct or fraud or is taken on advice and instructions given to CTCC by the Borrower, or the representatives of the Borrower, including the legal counsel of the Borrower, or counsel consulted by CTCC.
- (b) the Borrower shall be able to make and the Debentureholders shall be able to receive non-cash payments of interest on indebtedness owing by the Borrower to the Debentureholders under the Subordinate Indenture and the Debentures (as defined in the Subordinate Indenture), if any, by the issuance of additional Debentures to satisfy the interest obligations.

For purposes of greater certainty, if the Subordinate Creditors receive a payment in contravention of this Subordination, Postponement and Standstill Agreement, the Subordinate Creditors shall have received such payment in trust for and shall forthwith pay over such monies to the Lender.

2. The Subordinate Creditors agree that the Subordinate Security shall be fully and unconditionally subordinated to the Senior Security in favour of the Lender, notwithstanding any priority provided by any principle of law, equity or statute or the relative order of execution, delivery, creation, grant, registration, advance, attachment, possession, perfection or non-perfection, default, demand, notice, crystallization, enforceability or enforcement of the Senior Security or the Subordinate Security, or any other matter or thing whatsoever. For purposes of greater certainty, any insurance proceeds received by any of the Obligors or by the Subordinate Creditors or the Lender in respect of the collateral charged by the Subordinate Security or the Senior Security shall be dealt with according to the preceding provisions hereof as though such proceeds were paid or payable as proceeds of realization of the collateral for which they compensate.
3. The Subordinate Creditors shall not take any steps whatsoever whereby the priority or rights of the Lender as established hereunder shall or might be delayed, defeated, impaired or diminished, and the Subordinate Creditors shall not and shall not cause any other person to challenge, object to, compete with or impede in any manner any act taken or proceeding commenced by the Lender in connection with the enforcement by the Lender of any of the Senior Security or realization of any Obligor's personal property, assets, undertaking and collateral.
4. The Subordinate Creditors shall not, without the Lender's prior written consent, which it may exercise in its sole and unfettered discretion, take any steps whatsoever to enforce any Subordinated Obligations or to exercise its remedies whether permitted by law or under the Subordinate Security (including, asserting any rights of set-off or claims against any of the property assets or undertakings of any Obligor, making any demand upon any Obligor, accelerating any obligations of any Obligor, commencing any bankruptcy proceedings, foreclosure, sale or power of sale against any Obligor or all or any part of the property, assets or undertakings of any Obligor or taking possession of, giving in payment, appointing or making application to a court for an order appointing an agent or a receiver of receiver-manager over all or any part of the property, assets or undertakings of any Obligor or by any other means of enforcement), unless and until the obligations of the Obligors to the Lender have been indefeasibly paid and performed in full to the absolute and sole satisfaction of Lender. Notwithstanding the foregoing, the Subordinate Creditors shall be permitted to:

- (a) file a proof of claim or attend and vote at a meeting of creditors in connection with any action, suit or proceeding whether under the *Bankruptcy and Insolvency Act* (Canada) or otherwise;
 - (b) take action for non-payment of the indebtedness owing to the Subordinate Creditors for the purposes of obtaining a monetary judgment in respect thereof, provided that no measure is taken to enforce any judgment granted in such action;
 - (c) take action that is required to preserve the validity, efficacy or priority of the Subordinate Security;
 - (d) give notice of default, demand for payment or acceleration of the indebtedness owing; and/or
 - (e) issue one or more statutory notices (including, without limitation, a notice pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada)).
5. The Subordinate Creditors shall not amend, supplement, restate, replace or otherwise modify the Subordinate Indenture, the Debentures, the Subordinate Security or any of the terms thereof in any manner adverse to the Lender's interest (including, but not limited to, modifying any such agreements so as to result in any earlier maturity or payment dates from those existing on the date hereof, or removing the option of payment in kind interest) without the written consent of the Lender, acting reasonably, and agree that any attempted modification or amendment without such written consent shall be null and void.
6. The Subordinate Creditors shall do all things and execute all documents which may be reasonably requested by the Lender to give effect to this Subordination, Postponement and Standstill Agreement. For greater certainty, nothing in this Subordination, Postponement and Standstill Agreement shall compromise or amend the administrative rights and obligations of CTCC contained in Section 10.6(1)(a) and Article 15 of the Subordinate Indenture.
7. Any notice required or permitted to be given pursuant to this Subordination, Postponement and Standstill Agreement shall be in writing and shall be addressed and delivered to the parties hereto as follows:
- (a) for the Subordinated Creditors:

Computershare Trust Company of Canada
1500, Robert-Bourassa Boulevard, suite 700
Montreal, Quebec H3A 3S8.

Attention: General Manager, Corporate Trust Services
Email: NoticesCTmontreal@computershare.com
 - (b) for the Lender:

c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, Ontario
M5C 2V6

Attention: Tammy Kemp
Email: tammy.kemp@garringtonco.com
8. This Subordination, Postponement and Standstill Agreement shall enure to the benefit of and be binding upon the Subordinate Creditors, the Lender and their respective successors and assigns. This Subordination, Postponement and Standstill Agreement may not be assigned by the Subordinate Creditors without the prior written consent of the Lender (which it may exercise in its sole and unfettered discretion).

9. The undersigned hereby authorizes Chaitons LLP to register the necessary financing statement(s) to record the subordination created herein.
10. It is specifically acknowledged and agreed that this Subordination, Postponement and Standstill Agreement may be executed in counterparts, and acceptance of this Subordination, Postponement and Standstill Agreement may be provided by facsimile transmission or email transmission in PDF format and, on such execution and transmission, this Subordination, Postponement and Standstill Agreement shall be binding on the parties with the same force and effect as if originally executed.
11. This Subordination, Postponement and Standstill Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Lender to enforce this Subordination, Postponement and Standstill Agreement in any other proper jurisdiction, the Subordinate Creditors irrevocably submit and attorns to the non-exclusive jurisdiction of the courts of such Province. To the extent permitted by applicable law, the Subordinate Creditors irrevocably waive any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Subordination, Postponement and Standstill Agreement in the courts of such Province.

[signature page follows]

DATED as of the date first written above.

**COMPUTERSHARE TRUST COMPANY OF
CANADA, on behalf of the Subordinate
Creditors**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have authority to bind the corporation and the
Debentureholders.

FOR VALUABLE CONSIDERATION, THE UNDERSIGNED HEREBY ACKNOWLEDGE receipt of a copy of the foregoing Subordination, Postponement and Standstill Agreement, accept all of the terms and conditions contained therein and further agree with the Lender and the Subordinate Creditors to give effect to all of the provisions thereof. The undersigned further acknowledge that nothing contained in this Subordination, Postponement and Standstill Agreement shall confer any rights or benefits on the Obligors.

DATED as of the date first written above.

ALEAFIA HEALTH INC.

Per: _____
Name: Matthew Sale
Title: Chief Financial Officer

Per: _____
Name: Tricia Symmes
Title: Chief Executive Officer

We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

Per: _____
Name: Tricia Symmes
Title: President

Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

ALEAFIA FARMS INC.

Per: _____
Name: Tricia Symmes
Title: President

Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

EMBLEM CORP.

Per: _____
Name: Tricia Symmes
Title: President

Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

CANABO MEDICAL CORPORATION

Per: _____
Name: Tricia Symmes
Title: President

Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

ALEAFIA INC.

Per: _____
Name: Tricia Symmes
Title: President

Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

48819580.12

ALEAFIA HEALTH INC.

Company

and

COMPUTERSHARE TRUST COMPANY OF CANADA

Trustee

FIRST SUPPLEMENTAL INDENTURE

Supplementing the Indenture

Dated as of June 27, 2022

and

Providing for the issue of

8.50% Series A Secured Convertible Debentures Due June 30, 2024

June 27, 2022

THIS FIRST SUPPLEMENTAL INDENTURE dated as of the 27th day of June, 2022

BETWEEN:

ALEAFIA HEALTH INC., a corporation incorporated under the laws of Ontario (the “**Company**”)

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada, as trustee (the “**Trustee**”)

WHEREAS the Company has entered into an Amended and Restated Debenture Indenture dated as of June 27, 2022 that provides for the issuance of one or more series of secured convertible debentures of the Company by way of Supplemental Indentures;

AND WHEREAS this First Supplemental Indenture is entered into for the purpose of providing for the issue of Series A Debentures pursuant to the Indenture and establishing the terms, provisions and conditions of the Series A Debentures;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Company and not by the Trustee;

NOW THEREFORE this First Supplemental Indenture witnesses and it is hereby covenanted, agreed and declared as follows:

**ARTICLE 1
INTERPRETATION**

1.1 TO BE READ WITH TRUST INDENTURE

This First Supplemental Indenture is a Supplemental Indenture within the meaning of the Indenture. The Indenture and this First Supplemental Indenture shall be read together and shall have effect so far as practicable as though all the provisions of both indentures were contained in one instrument. The terms “**this First Supplemental Indenture**”, “**herein**”, “**hereof**”, “**hereby**”, “**hereunder**” and similar expressions, unless the context otherwise specifies or requires, refer to the Indenture as supplemented by this First Supplemental Indenture and not to any particular Article, section or other portion, and include every instrument supplemental or ancillary to this Ninth Supplemental Indenture.

1.2 DEFINITIONS

All terms which are defined in the Indenture and used but not defined in this First Supplemental Indenture shall have the meanings ascribed to them in the Indenture, as such meanings may be amended by this First Supplemental Indenture. In the event of any inconsistency between the terms of the Indenture and this First Supplemental Indenture, the terms in this First Supplemental Indenture prevail. Subject to the foregoing, in this First Supplemental Indenture and in the Series A Debentures, the following expressions have the following meanings:

“**Indenture**” means the Amended and Restated Debenture Indenture dated as of June 27, 2022 between the Company and the Trustee, as amended, supplemented or restated from time to time.

“Interest Obligation” means, on any Interest Payment Date, the amount of interest owing with respect to the Series A Debentures.

“Interest Payment Date” means June 30 and December 31 in each year.

“Interest Period” means the period commencing on the later of (i) the Issue Date of the Series A Debentures, and (ii) the immediately preceding Interest Payment Date and ending on the day immediately preceding the Interest Payment Date in respect of which interest is payable.

“Issue Date” means June 27, 2022.

“Maturity Date” has the meaning ascribed in Section 2.3.

“PIK Election” means an election by the Company to satisfy an Interest Obligation on the applicable Interest Payment Date in full by issuing PIK Debentures in accordance with Section 2.4.

“PIK Election Notice” means a written notice made by the Company to the Trustee specifying (i) the Interest Obligation and Interest Payment Date to which the PIK Election relates, and (ii) the amount of the Interest Obligation subject to the PIK Election.

“PIK Interest Amount” means the Interest Obligation to be satisfied in full by the issuance of PIK Debentures by the Company in accordance with a PIK Election made, or deemed made, by the Company pursuant to Section 2.4.

“PIK Debentures” means, as applicable, (x) additional Series A Debentures issued from time to time by the Company in accordance with Section 2.4 or (y) any increase made to the principal amount of the outstanding Series A Debentures in accordance with Section 2.4, in either case to satisfy any Interest Obligation.

“Series A Debentures” means the 8.50% Series A Secured Convertible Debentures due June 30, 2024 referred to in Section 2.1 of this First Supplemental Indenture.

1.3 DAY NOT A BUSINESS DAY

If any day on which an amount is to be determined or an action is to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be taken at or before the requisite time on the next succeeding day that is a Business Day at such location.

ARTICLE 2 SERIES A DEBENTURES

2.1 CREATION AND DESIGNATION

The Company is authorized in accordance with the Indenture to issue under this First Supplemental Indenture a series of debentures designated 8.50% Series A Secured Convertible Debentures due June 30, 2024, which shall have the terms set out in this First Supplemental Indenture.

2.2 AGGREGATE PRINCIPAL AMOUNT

The aggregate principal amount of the Series A Debentures which may be issued under this First Supplemental Indenture shall be unlimited.

2.3 DATE AND ISSUE OF MATURITY

The Series A Debentures shall be dated the Issue Date and shall become due and payable, together with all accrued interest and unpaid interest thereon, on June 30, 2024 (the “**Maturity Date**”).

2.4 INTEREST

- (a) The Series A Debentures shall bear interest on the unpaid principal amount thereof at a rate of 8.50% per annum (based on a year of 360 calendar days composed of twelve 30-day months) from the Issue Date calculated semi-annually and payable in arrears in equal instalments on each Interest Payment Date. The first Interest Payment Date shall be December 31, 2022 and the Interest Obligation on such date shall equal \$43.55 for each \$1,000 principal amount of Series A Debentures.
- (b) The Company shall have the right to elect, from time to time, provided no Event of Default has occurred or is continuing or would result after giving pro forma effect thereto, in respect of all of the then outstanding Series A Debentures, to satisfy any Interest Obligation, in full, on any Interest Payment Date (other than any Interest Payment Date which is also the Maturity Date, a Redemption Date or an acceleration date) by (x) delivering PIK Debentures in accordance with this Section 2.4 or (y) if applicable, increasing the amount of the Global Debenture in accordance with clause (e) of this Section 2.4, subject always to Section 2.4(d).
- (c) A PIK Election shall be made by delivering a PIK Election Notice to the Trustee (and, in the case of Series A Debentures represented by Uncertificated Debentures registered in the name of, or held by, CDS or its nominees, to CDS at sies.cainfo@tmx.com) not less than 15 Business Days prior to the Interest Payment Date to which the PIK Election relates; provided, that a PIK Election, once made in respect of an Interest Payment Date in accordance with this Section 2.4, shall be deemed to be made as well to each subsequent Interest Payment Date, without any further action or notice from the Company, until the Company has withdrawn such PIK Election in accordance with clause (g) of this Section 2.4; provided, further, however, that a PIK Election shall not be deemed to apply to an Interest Payment Date where (i) such Interest Payment Date is the Maturity Date, a Redemption Date or an acceleration date or (ii) there is an Event of Default which has occurred or is continuing on such Interest Payment Date or would result after giving pro forma effect to such PIK Election, in which case, for greater certainty, all Interest Obligations due and payable on such Interest Payment Date shall be payable in full in cash.
- (d) So long as a PIK Election Notice has been made and not withdrawn in accordance with this Section 2.4(d), the Series A Debentures shall bear interest as follows: 8.50% per annum paid-in-kind (which payment-in-kind interest shall be capitalized on the applicable Interest Payment Date and evidenced by PIK Debentures).
- (e) At all times, the obligation to pay a PIK Interest Amount shall be satisfied (i) with respect to Series A Debentures represented by Uncertificated Debentures, registered in the name of, or held by, CDS or its nominee on the relevant Interest Payment Date, by increasing the principal amount of the outstanding Uncertificated Debentures by an amount equal to the amount of such PIK Interest Amount on the applicable Interest Payment Date (rounded down to the nearest whole dollar), or (ii) with respect to Series A Debentures in certificated form, by indicating payment thereof and an increase in the principal amount of the Series A Debentures in the register for the Series A Debentures and by issuing PIK Debentures in

certificated form in an aggregate principal amount equal to such PIK Interest Amount (rounded down to the nearest whole dollar) and the Trustee will, at the written request of the Company, certify and deliver such PIK Debentures in certificated form for original issuance to the holders thereof on the relevant Interest Payment Date, as shown in the register for the Series A Debentures; provided that a holder of a Series A Debenture represented by a physical certificate shall be entitled to PIK Interest Amount so long as the increase in the principal amount of the Series A Debentures is recorded in the register for the Series A Debentures, whether or not PIK Debentures represented by a physical certificate representing such PIK Interest Amount have been issued to such holder. Following an increase in the principal amount of Uncertificated Debentures in accordance with this clause (d), such Uncertificated Debentures will bear interest on such increased principal amount from and after the applicable Interest Payment Date as otherwise set forth in Section 2.4(a). Any PIK Debentures issued in certificated form will be dated as of the applicable Interest Payment Date and will bear interest from and after such date as otherwise set forth in Section 2.4(a).

- (f) PIK Debentures issued in accordance with this Section 2.4 shall be subject to the same terms and conditions as the Series A Debentures issued on the Issue Date and shall also be designated as “8.50% Secured PIK Toggle Debentures due 2024”. Such PIK Debentures shall constitute part of the same series of securities as the Series A Debentures issued on the Issue Date and the holders thereof will have the right to vote together with the holders of all other outstanding Series A Debentures as one class on all matters with respect to the Indenture and the Series A Debentures.
- (g) The Company shall have the right to withdraw any PIK Election by delivering written notice to the Trustee not less than 5 Business Days prior to the consummation of such PIK Election and the issuance of any PIK Debentures on the Interest Payment Date in respect of which such PIK Election was made or deemed made, whereupon the Company shall be obliged to pay in cash in full the Interest Obligation in respect of which such PIK Election was made on such Interest Payment Date.
- (h) Interest shall be payable in respect of each Interest Period (after as well as before maturity, default and judgment, with interest on overdue interest at the same rate) on each Interest Payment Date in accordance with Section 2.13 of the Indenture.
- (i) If the Series A Debentures are represented by a Global Debenture, the record date will be the close of business five Business Days preceding the relevant Interest Payment Date. If the Series A Debentures are not represented by a Global Debenture, the record date will be 10 Business Days prior to an Interest Payment Date.

2.5 REDEMPTION

The Series A Debentures are redeemable at the option of the Company at any time and from time to time pursuant to the provisions of Article 3 of the Indenture in whole or in part before the Maturity Date. The Redemption Price for the Series A Debentures shall equal 101% of the principal amount of those Series A Debentures which are redeemed, unless the Series A Debentures are redeemed after the first anniversary of their issuance, in which case the Series A Debentures will be redeemable at par value and, in each case, together with all accrued and unpaid interest up to but excluding the Redemption Date.

2.6 DENOMINATIONS

The Series A Debentures may be issued in any denomination.

2.7 FORM OF SERIES A DEBENTURES

- (a) The Series A Debentures and the certificate of the Trustee endorsed thereon shall be issued in substantially the form set out in Schedule A hereto, with such insertions, omissions, substitutions or other variations as shall be required or permitted by the Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of the Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Board of Directors executing such Series A Debenture in accordance with Section 2.7 of the Indenture, as conclusively evidenced by their execution of a Series A Debenture. Each Series A Debenture shall additionally bear such distinguishing letters and numbers as the Trustee shall approve. Notwithstanding the foregoing, a Series A Debenture may be in such other form or forms as may, from time to time, be, approved by a resolution of the Board of Directors, or as specified in an Officer's Certificate. The Series A Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.
- (b) The Series A Debentures shall be issued in the form of one or more Debenture Certificates and as Uncertificated Debentures. Notwithstanding the foregoing, Series A Debentures issued to U.S. Purchasers (other than Qualified Institutional Buyers that have delivered to the Company a Qualified Institutional Buyer Letter) shall be issued only as Debenture Certificates.

2.8 PARI PASSU RANKING

The Series A Debentures will rank pari passu in right of payment of principal and interest with all other Debentures issued pursuant to the Indenture.

2.9 CONVERSION OF SERIES A DEBENTURES

- (a) Upon and subject to the provisions and conditions of Article 7 of the Indenture, the holder of each Series A Debenture shall have the right at such holder's option, at any time prior to the earliest of: (i) the close of business on the Maturity Date; and (ii) the Business Day immediately preceding the date specified by the Company for redemption of all or a portion of the Series A Debentures upon a Change of Control, subject to the satisfaction of certain conditions, by notice to the holders of Series A Debentures in accordance with Section 2.6 of the Indenture (the earlier of which will be the "Time of Expiry" for the purposes of Article 7 of the Indenture in respect of the Series A Debentures), to convert any part of the principal amount of a Series A Debenture into Common Shares at the Conversion Price in effect on the Date of Conversion
- (b) The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of Series A Debentures shall be equal to \$0.25 such that approximately 4,000 Common Shares shall be issued for each \$1,000 principal amount of Series A Debentures so converted. Except as provided below, no adjustment in the number of Common Shares to be issued upon conversion will be made for dividends or distributions

on Common Shares issuable upon conversion, the record date for the payment of which precedes the date upon which the holder becomes a holder of Common Shares in accordance with Article 7 of the Indenture, or for interest accrued on Series A Debentures surrendered. No fractional Common Shares will be issued, and the number of Common Shares so issuable will be rounded down to the nearest whole number on any conversion of the Series A Debentures. The Conversion Price applicable to, and the Common Shares, securities or other property receivable on the conversion of, the Series A Debentures is subject to adjustment pursuant to the provisions of Section 7.3 of the Indenture. Holders converting their Series A Debentures will receive, in addition to the applicable number of Common Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Series A Debentures surrendered for conversion up to and including the Date of Conversion from, and including, the most recent Interest Payment Date. The Conversion Price will not be adjusted for accrued interest.

- (c) Notwithstanding any other provisions of the Indenture, as supplemented by this First Supplemental Indenture, if a Series A Debenture is surrendered for conversion on an Interest Payment Date or during the five Business Days preceding each Interest Payment Date, the Person or Persons entitled to receive Common Shares in respect of the Series A Debenture so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date and, for clarity, any interest payable on such Series A Debentures will be for the account of the holder of record of such Series A Debentures at the close of business on the relevant record date.
- (d) A Series A Debenture in respect of which a holder has accepted a notice in respect of a Change of Control Offer pursuant to the provisions of Section 2.6 of the Indenture may be surrendered for conversion only if such notice is withdrawn in accordance with the Indenture, as supplemented by this First Supplemental Indenture,

2.10 PAYMENT ON MATURITY

Payment on maturity of Series A Debentures shall be provided for by the Company depositing with the Trustee or any paying agent to the order of the Trustee, on or before 11:00 a.m. (Toronto Time) on the Business Day immediately prior to the date upon which the Series A Debentures are converted or the Maturity Date, as applicable, such sums of money as may be sufficient to pay any principal amount of Series A Debentures and accrued and unpaid interest thereon up to but excluding the conversion date or Maturity Date, as applicable, in respect of which the Company has not exercised its right of conversion. The Company shall also deposit with the Trustee a sum of money satisfactory to the Trustee and sufficient to pay any charges or expenses which may be incurred by the Trustee in connection therewith. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid to the holders of such Series A Debentures, upon surrender of such Series A Debentures, the principal and interest to which they are respectively entitled on the conversion date or Maturity Date, as applicable.

ARTICLE 3 MISCELLANEOUS

3.1 ACCEPTANCE OF TRUST

The Trustee accepts the trusts in this First Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this First Supplemental Indenture and in accordance with the Indenture.

3.2 CONFIRMATION OF TRUST INDENTURE

The Indenture as amended and supplemented by this First Supplemental Indenture is in all respects confirmed.

3.3 COUNTERPARTS

This First Supplemental Indenture may be executed in several counterparts each of which so executed shall be deemed to be original and such counterparts together shall constitute one and the same instrument.

SIGNATURE PAGE IMMEDIATELY FOLLOWS

IN WITNESS WHEREOF the parties hereto have executed this First Supplemental Indenture under the hands of their proper officers in that behalf.

ALEAFIA HEALTH INC.

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B...
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
Per: Matthew Sale
E4E5EDC1EEEE44F1...
Name: Matthew Sale
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY OF CANADA
as Trustee**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

IN WITNESS WHEREOF the parties hereto have executed this First Supplemental Indenture under the hands of their proper officers in that behalf.

ALEAFIA HEALTH INC.

Per: _____
Name: Patricia Ann Symmes-Rizakos
Title: Chief Executive Officer

Per: _____
Name: Matthew Sale
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY OF CANADA
as Trustee**

Per:  _____
Name: Jonathan Champoux Cadoche
Title: Corporate Trust Officer

Per:  _____
Name: Geneviève Leduc
Title: Corporate Trust Officer

**SCHEDULE A
FORM OF SERIES A DEBENTURE**

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 28, 2022.

(INSERT IF BEING ISSUED TO CDS) THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE AMENDED AND RESTATED TRUST INDENTURE DATED AS OF THE 27 DAY OF JUNE, 2022 BETWEEN ALEAFIA HEALTH INC. AND COMPUTERSHARE TRUST COMPANY OF CANADA, AS SUPPLEMENTED BY THE FIRST SUPPLEMENTAL INDENTURE DATED AS OF THE 27 DAY OF JUNE, 2022 (THE “**INDENTURE**”). EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“**CDS**”) TO ALEAFIA HEALTH INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.”

[U.S. LEGEND – TO BE INCLUDED ON ALL DEBENTURES ISSUED TO U.S. PURCHASERS EXCEPT QUALIFIED INSTITUTIONAL BUYERS WHO HAVE EXECUTED AND DELIVERED A QUALIFIED INSTITUTIONAL BUYER LETTER.]

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES DELIVERABLE UPON CONVERSION HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE *UNITED STATES SECURITIES ACT* OF 1933, AS AMENDED (THE “*U.S. SECURITIES ACT*”) OR U.S. STATE SECURITIES LAWS. BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, THE HOLDER AGREES FOR THE BENEFIT OF ALEAFIA HEALTH INC. (THE “COMPANY”) THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO COMPANY; OR (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATIONS UNDER THE *U.S. SECURITIES ACT*, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; OR (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE *U.S. SECURITIES ACT* PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS; OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE *U.S. SECURITIES ACT* OR ANY APPLICABLE STATE SECURITIES LAWS; OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE *U.S. SECURITIES ACT*, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

CUSIP 01444QAB0
ISIN CA01444QAB01

No. ●
\$●

ALEAFIA HEALTH INC.

(A company incorporated under the laws of Ontario)

8.50% SECURED CONVERTIBLE DEBENTURE, SERIES A

DUE JUNE 30, 2024

Aleafia Health Inc. (the “**Company**”) for value received hereby acknowledges itself indebted and, subject to the provisions of the Amended and Restated Debenture Indenture

(the “**Indenture**”) dated as of June 27, 2022 between the Company and Computershare Trust Company of Canada (the “**Trustee**”), as supplemented by the first supplemental indenture dated as June 27, 2022, promises to pay to the registered holder hereof on June 30, 2024 or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture (any such date, the “**Maturity Date**”) the principal amount hereof in lawful money of Canada on presentation and surrender of this Debenture at the main branch of the Trustee in Toronto, Ontario or Montréal, Québec in accordance with the terms of the Indenture and, subject as hereinafter provided and as provided in the Indenture, to pay interest on the principal amount hereof, or from the last interest payment date to which interest shall have been paid or made available for payment on the outstanding Debentures (as hereinafter defined), whichever is later, at the rate of 8.50% per annum, in like money, in arrears in equal semi-annual installments on June 30 and December 31 in each year commencing on December 31, 2022 and, should the Company at any time make default in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money.

This Debenture is one of the 8.50% interest bearing Secured Convertible Debentures, Series A (referred to herein as the “**Debentures**”) of the Company issued or issuable in one or more series under the provisions of the Indenture. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are or are to be issued and held and the rights and remedies of the holders of the Debentures and of the Company and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Debenture by acceptance hereof assents.

The Debentures are issuable in any denomination. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

On or after the date hereof, any part of the principal of this Debenture, provided that the principal amount of this Debenture is in a denomination in excess of \$1,000, is convertible, at the option of the holder hereof, upon surrender of this Debenture at the principal office of the Trustee in Montréal, Québec, at any time prior to 5:00 p.m. (Toronto Time) on the Business Day preceding the Maturity Date or, if called for repurchase pursuant to a Change of Control (as defined in the Indenture) on the Business Day immediately prior to the payment date, into common shares of the Company (the “**Common Shares**”) (without adjustment for interest accrued hereon or for dividends or distributions on Common Shares issuable upon conversion) at a conversion price of \$0.25 (the “**Conversion Price**”) per Common Share, being a rate of approximately 4,000 Common Shares for each \$1,000 principal amount of Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. No Debentures may be converted during the five Business Days preceding each of June 30 and December 31 in each year, commencing December 31, 2022, as the registers of the Trustee will be closed during such periods. The Indenture makes

provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion of the Debentures. Holders converting their Debentures will receive accrued and unpaid interest thereon. If a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Common Shares in respect of the Debentures so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date and, for clarity, any interest payable on such Debentures will be for the account of the holder of record of such Debentures at the close of business on the relevant record date.

In the event Debentures are converted prior to October 28, 2022, the Common Shares issued upon such conversion shall bear the following legend:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 28, 2022.”

This Debenture may be redeemed at the option of the Company on the terms and conditions set out in the Indenture. On and after the date hereof and prior to the Maturity Date, the Debentures may be redeemed in whole or in part at the option of the Company at the applicable redemption amount plus accrued and unpaid interest.

Not less than 30 calendar days prior to the consummation of: (i) any event as a result of or following which any person, or group of persons “acting jointly or in concert” within the meaning of applicable Canadian securities laws, beneficially owns or exercises control or direction over an aggregate of more than 50% of the then outstanding Common Shares; or (ii) the sale or other disposition of all or substantially all of the consolidated assets of the Company (each, a “**Change of Control**”), the Company shall notify the holders of the Debentures of the Change of Control, and each holder of the Debentures shall, in its sole discretion, have the right to require the Company to repurchase its Debentures in accordance with the provisions of Section 2.6 of the Indenture.

This Debenture and the Common Shares issuable upon conversion hereof have not been and will not be registered under the *United States Securities Act* of 1933, as amended (the “*U.S. Securities Act*”), or the securities laws of any state of the United States. This Debenture may not be converted by or for the account or benefit of a U.S. Person or a person in the United States absent an exemption from the registration requirements of the *U.S. Securities Act* and applicable state securities laws. In addition, this Debenture and the underlying Common Shares may only be offered and sold to a U.S. Person or a person in the United States pursuant to an exemption from the registration requirements of the *U.S. Securities Act* and applicable state securities laws. “**U.S. Person**” and “**United States**” are as defined in Regulation S under the *U.S. Securities Act*.

The Indenture contains provisions binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares and officers, directors and employees of the Company in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Toronto, Ontario or Montréal, Québec and in such other place or places and/or by such other registrars (if any) as the Company with the approval of the Trustee may designate. No transfer of this Debenture shall be valid unless made on the register by the registered holder hereof or its executors or administrators or other legal representatives, or its or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe and upon surrender of this Debenture for cancellation. Thereupon a new Debenture or Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture. In the event of any inconsistency between the terms of this Debenture and the Indenture, the terms of the Indenture shall govern.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF Aleafia Health Inc. has caused this Debenture to be signed by its authorized representatives as of _____, 2022.

ALEAFIA HEALTH INC.

By: _____

Name: Tricia Symmes

Title: Chief Executive Officer

By: _____

Name: Matthew Sale

Title: Chief Financial Officer

TRUSTEE'S CERTIFICATE

This Debenture is one of the 8.50% Series A Secured Convertible Debentures due June 30, 2024 referred to in the Indenture herein mentioned.

Dated:

**COMPUTERSHARE TRUST COMPANY
OF CANADA**

By: _____
Name:
Title:

REGISTRATION PANEL

(No writing hereon except by Trustee or other registrar)

Date of Registration	In Whose Name Registered	Signature of Trustee or Registrar

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto , whose address and social insurance number, if applicable, are set forth below, this Debenture (or \$ principal amount hereof*) of **ALEAFIA HEALTH INC.** standing in the name(s) of the undersigned in the register maintained by the Company with respect to such Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Debenture in such register, with full power of substitution in the premises.

Dated:

Address of Transferee:

(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable:

*If less than the full principal amount of the within Debenture is to be transferred, indicate in the space provided the principal amount to be transferred.

Check if the undersigned Transferor is a U.S. Purchaser that acquired Debentures as “restricted securities” and which are represented by one or more Debenture Certificate endorsed with a U.S. Legend. IF THIS BOX IS CHECKED, THE TRANSFEROR MUST COMPLETE AND DELIVER A CERTIFICATE OF TRANSFER SUBSTANTIALLY AS SET FORTH IN 0 TO THE INDENTURE.

REASON FOR TRANSFER – For US Residents only (where the individual(s) or corporation receiving the securities is a US resident). Please select only one (see instructions below).

Gift

Estate

Private Sale

Other (or no change in ownership)

Date of Event (Date of gift, death or sale): **Value per Debenture** on the date of event:

--

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized

officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: “SIGNATURE GUARANTEED”, “MEDALLION GUARANTEED” OR “SIGNATURE & AUTHORITY TO SIGN GUARANTEE”, all in accordance with the transfer agent’s then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a “SIGNATURE & AUTHORITY TO SIGN GUARANTEE” Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a “MEDALLION GUARANTEED” Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

The registered holder of this Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

Authorized Officer

Signature of transferring registered holder

Name of Institution

SCHEDULE B
FORM OF NOTICE OF CONVERSION

To: **ALEAFIA HEALTH INC.**

(CUSIP 01444QAB0 / ISIN CA01444QAB01)

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 8.50% Series A Secured Convertible Debentures irrevocably elects to convert such Debentures (or \$● principal amount thereof *) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures and directs that the Common Shares of Aleafia Health Inc. issuable upon a conversion be issued and delivered to the person indicated below. (If Common Shares are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned and a Residency Declaration Form must be completed and delivered in respect of such other person).

If the Debentures are being converted by, or for the account or benefit of a U.S. person or a person in the United States, the undersigned represents, warrants and certifies as follows (one only) of the following must be checked):

A. The undersigned has not been solicited to convert the Debentures by any person, or if the undersigned has been solicited to convert the Debentures, the undersigned has confirmed that no commission or remuneration has been or will be paid or given, directly or indirectly, for soliciting such conversion, and the undersigned acknowledges that the Company is relying on the registration exemption provided by section 3(a)(9) of the *United States Securities Act* of 1933, as amended (the “*U.S. Securities Act*”), to issue the Common Shares; OR

B. The undersigned has delivered to the Company and the Trustee an opinion of counsel reasonably satisfactory to the Company to the effect that an exemption from the registration requirements of the *U.S. Securities Act* and applicable state securities laws is available. (Note: If this box is to be checked, holders are encouraged to consult with the Company in advance to determine that the legal opinion tendered in connection with conversion will be satisfactory in form and substance to the Company.)

If the undersigned has checked Box A or B, and the undersigned has determined with the benefit of legal advice that the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the undersigned in order to maintain compliance with the *U.S. Securities Act*, the undersigned has caused to be delivered to the Company and the Trustee, at

the request of the Company or the Trustee, an opinion of counsel of recognised standing, in form and substance reasonably satisfactory to the Company, to the foregoing effect.

Dated: _____
_____ (Signature of Registered Holder)

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount.

NOTE: If Common Shares are to be issued in the name of a person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: **“SIGNATURE GUARANTEED”**.

(Print name in which Common Shares are to be issued, delivered and registered)

Name: _____

Address: _____

(City, Province and Postal Code)

Name of guarantor: _____

Authorized signature: _____

**SCHEDULE C
COMMON SHARE LEGEND**

(TO BE INCLUDED IF ISSUED TO U.S. PURCHASERS) THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE *UNITED STATES SECURITIES ACT* OF 1933, AS AMENDED (THE “*U.S. SECURITIES ACT*”) OR U.S. STATE SECURITIES LAWS. BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, THE HOLDER AGREES FOR THE BENEFIT OF ALEAFIA HEALTH INC. (THE “COMPANY”) THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO COMPANY; OR (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE *U.S. SECURITIES ACT*, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; OR (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE *U.S. SECURITIES ACT* PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS; OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE *U.S. SECURITIES ACT* OR ANY APPLICABLE STATE SECURITIES LAWS; OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE *U.S. SECURITIES ACT*, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “**GOOD DELIVERY**” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

SCHEDULE D
FORM OF CERTIFICATE OF TRANSFER

Aleafia Health Inc.
85 Basaltic Road
Concord, Ontario L4K 1G4
Attention: Chief Executive Officer

Computershare Trust Company of Canada
100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1

Re: Transfer of Debentures

Reference is hereby made to the Amended and Restated Indenture, dated as of June 27, 2022 (the “**Indenture**”), between Aleafia Health Inc., as issuer (the “**Company**”), and Computershare Trust Company of Canada, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the “**Transferor**”) owns and proposes to transfer the Debentures or interests in such Debentures specified in Annex A hereto, in the principal amount of \$ _____ (the “**Transfer**”), to _____ (the “**Transferee**”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that

[CHECK ALL THAT APPLY]

Check if Transferee will take delivery of an interest in an Unrestricted Uncertificated Debenture or an Unrestricted Physical Debenture pursuant to Regulation S. The Transfer is being effected pursuant to and in accordance with Rule 904 of Regulation S under the *Securities Act* and, accordingly, the Transferor hereby further certifies that (i) the Transferor is not an “affiliate” of the Company as that term is defined in Rule 405 under the *Securities Act*, (ii) the offer was not made, and the Transfer is not being made, to a U.S. Person or a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States and not a U.S. Person or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States and not a U.S. Person or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States or to or for the account or benefit of a person in the United States or a U.S. Person, (iii) neither the Transferor nor any affiliate of the Transferor nor any Person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the Transfer, (iv) the Transfer is bona fide and not for the purpose of “washing off” the resale restrictions imposed because the

securities are “restricted securities” (as that term is defined in Rule 144(a)(3) under the *Securities Act*), (v) the Transferor does not intend to replace such securities with fungible unrestricted securities and (vi) the transaction is not part of a plan or scheme to evade the registration requirements of the *Securities Act*. Terms used in this section have the meaning given to them by Regulation S under the *Securities Act*.

Check and complete if Transferee will take delivery of an interest in an Unrestricted Uncertificated Debenture or an Unrestricted Physical Debenture pursuant to any provision of the *Securities Act* other than Regulation S.

Check if Transfer is pursuant to Rule 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the *Securities Act* (“**Rule 144**”) and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States, and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Transferor in order to maintain compliance with the *Securities Act*.

Check if Transfer is Pursuant to Other Exemption. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the *Securities Act* other than Rule 144A, Regulation S and Rule 144, and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States, and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Transferor in order to maintain compliance with the *Securities Act*.

In connection with requests for transfers pursuant to item 3(a) or item 3(b), the Transferor must deliver to the Company and the Trustee an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Trustee and the Company, to the effect that the legend is no longer required under applicable requirements of the *Securities Act* or state securities laws.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name: ●

Title: ●

Dated: _____

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:
[CHECK ONE OF (a) OR (b) OR (c) OR (d)]

a Restricted Uncertificated Debenture CUSIP

an Unrestricted Uncertificated Debenture CUSIP

a Restricted Physical Debenture

an Unrestricted Physical Debenture

after the Transfer the Transferee will hold:

[CHECK ONE OF (e) OR (f) OR (g) OR (h)]

a Restricted Uncertificated Debenture CUSIP

an Unrestricted Uncertificated Debenture CUSIP

a Restricted Physical Debenture

an Unrestricted Physical Debenture

in accordance with the terms of the Indenture.

SCHEDULE E
FORM OF CERTIFICATE OF EXCHANGE

Aleafia Health Inc.
85 Basaltic Road
Concord, Ontario L4K 1G4
Attention: Chief Executive Officer

Computershare Trust Company of Canada
100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1

(CUSIP 01444QAB0 / ISIN CA01444QAB01)

Reference is hereby made to the Amended and Restated Indenture, dated as of June 27, 2022 (the “**Indenture**”), between Aleafia Health Inc., as issuer (the “**Company**”), and Computershare Trust Company of Canada, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the “**Owner**”) owns and proposes to exchange the Debentures or interests in such Debentures specified herein, in the principal amount of \$ _____ (the “**Exchange**”). In connection with the Exchange, the Owner hereby certifies that:

Exchange of Restricted Physical Debentures or Restricted Uncertificated Debenture for Unrestricted Physical Debentures or Unrestricted Uncertificated Debenture

Check if Exchange is a Restricted Uncertificated Debenture to an Unrestricted Uncertificated Debenture. In connection with the Exchange of the Restricted Uncertificated Debenture for an Unrestricted Uncertificated Debenture in an equal principal amount, the Owner hereby certifies (i) the interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Uncertificated Debentures and pursuant to and in accordance with the United States *Securities Act* of 1933, as amended (the “*Securities Act*”), (iii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Owner in order to maintain compliance with the *Securities Act* and (iv) the interest in an Unrestricted Uncertificated Debenture is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

Check if Exchange is from Restricted Physical Debenture to Unrestricted Physical Debenture. In connection with the Owner’s Exchange of a Restricted Physical Debenture for an Unrestricted Physical Debenture, the Owner hereby certifies (i) the Unrestricted Physical Debenture is being acquired for the Owner’s own account without transfer, such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Physical Debentures and pursuant to and in accordance with the *Securities Act*, the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the Physical Debenture of the Owner in order to maintain compliance with the *Securities Act* and (iv) the Unrestricted Physical Debenture is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

In connection with requests for Exchanges pursuant to item 1(a) or 1(b), the Owner must deliver to the Company and the Trustee an opinion of counsel of recognized standing in form and substance satisfactory to the Trustee and reasonably satisfactory to the Company, to the effect that the legend is no longer required under applicable requirements of the *Securities Act* or state securities laws.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name: ●

Title: ●

Dated: _____

ALEAFIA HEALTH INC.

Company

and

COMPUTERSHARE TRUST COMPANY OF CANADA

Trustee

SECOND SUPPLEMENTAL INDENTURE

Supplementing the Indenture

Dated as of June 27, 2022

and

Providing for the issue of

8.50% Series B Secured Convertible Debentures Due June 30, 2026

June 27, 2022

THIS SECOND SUPPLEMENTAL INDENTURE dated as of the 27th day of June, 2022

BETWEEN:

ALEAFIA HEALTH INC., a corporation incorporated under the laws of Ontario (the “**Company**”)

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada, as trustee (the “**Trustee**”)

WHEREAS the Company has entered into an Amended and Restated Debenture Indenture dated as of June 27, 2022 that provides for the issuance of one or more series of secured convertible debentures of the Company by way of Supplemental Indentures;

AND WHEREAS the Company entered into a first supplemental indenture (the “**First Supplemental Indenture**”) dated the date hereof to the Amended and Restated Debenture Indenture pursuant to which the Company issued \$12,349,666 aggregate principal amount of secured debentures, all of which are outstanding on the date hereof;

AND WHEREAS this Second Supplemental Indenture is entered into for the purpose of providing for the issue of Series B Debentures pursuant to the Indenture and establishing the terms, provisions and conditions of the Series B Debentures;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Company and not by the Trustee;

NOW THEREFORE this Second Supplemental Indenture witnesses and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1 INTERPRETATION

1.1 TO BE READ WITH TRUST INDENTURE

This Second Supplemental Indenture is a Supplemental Indenture within the meaning of the Indenture. The Indenture and this Second Supplemental Indenture shall be read together and shall have effect so far as practicable as though all the provisions of both indentures were contained in one instrument. The terms “**this Second Supplemental Indenture**”, “**herein**”, “**hereof**”, “**hereby**”, “**hereunder**” and similar expressions, unless the context otherwise specifies or requires, refer to the Indenture as supplemented by this Second Supplemental Indenture and not to any particular Article, section or other portion, and include every instrument supplemental or ancillary to this Ninth Supplemental Indenture.

1.2 DEFINITIONS

All terms which are defined in the Indenture and used but not defined in this Second Supplemental Indenture shall have the meanings ascribed to them in the Indenture, as such meanings may be amended by this Second Supplemental Indenture. In the event of any inconsistency between the terms of the Indenture and this Second Supplemental Indenture, the terms in this Second Supplemental Indenture prevail. Subject to the foregoing, in this Second Supplemental Indenture and in the Series B Debentures, the following expressions have the following meanings:

“**Indenture**” means the Amended and Restated Debenture Indenture dated as of June 27, 2022 between the Company and the Trustee, as supplemented by the First Supplemental Indenture, and as further amended, supplemented or restated from time to time.

“**Interest Obligation**” means, on any Interest Payment Date, the amount of interest owing with respect to the Series B Debentures.

“**Interest Payment Date**” means June 30 and December 31 in each year.

“**Interest Period**” means the period commencing on the later of (i) the Issue Date of the Series B Debentures, and (ii) the immediately preceding Interest Payment Date and ending on the day immediately preceding the Interest Payment Date in respect of which interest is payable.

“**Issue Date**” means June 27, 2022.

“**Maturity Date**” has the meaning ascribed in Section 2.3.

“**PIK Election**” means an election by the Company to satisfy an Interest Obligation on the applicable Interest Payment Date in full by issuing PIK Debentures in accordance with Section 2.4.

“**PIK Election Notice**” means a written notice made by the Company to the Trustee specifying (i) the Interest Obligation and Interest Payment Date to which the PIK Election relates, and (ii) the amount of the Interest Obligation subject to the PIK Election.

“**PIK Interest Amount**” means the Interest Obligation to be satisfied in full by the issuance of PIK Debentures by the Company in accordance with a PIK Election made, or deemed made, by the Company pursuant to Section 2.4.

“**PIK Debentures**” means, as applicable, (x) additional Series B Debentures issued from time to time by the Company in accordance with Section 2.4 or (y) any increase made to the principal amount of the outstanding Series B Debentures in accordance with Section 2.4, in either case to satisfy any Interest Obligation.

“**Series B Debentures**” means the 8.50% Series B Secured Convertible Debentures due June 30, 2026 referred to in Section 2.1 of this Second Supplemental Indenture.

1.3 DAY NOT A BUSINESS DAY

If any day on which an amount is to be determined or an action is to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be taken at or before the requisite time on the next succeeding day that is a Business Day at such location.

ARTICLE 2
SERIES B DEBENTURES

2.1 CREATION AND DESIGNATION

The Company is authorized in accordance with the Indenture to issue under this Second Supplemental Indenture a series of debentures designated 8.50% Series B Secured Convertible Debentures due June 30, 2026, which shall have the terms set out in this Second Supplemental Indenture.

2.2 AGGREGATE PRINCIPAL AMOUNT

The aggregate principal amount of the Series B Debentures which may be issued under this Second Supplemental Indenture shall be unlimited.

2.3 DATE AND ISSUE OF MATURITY

The Series B Debentures shall be dated the Issue Date and shall become due and payable, together with all accrued interest and unpaid interest thereon, on June 30, 2026 (the “**Maturity Date**”).

2.4 INTEREST

- (a) The Series B Debentures shall bear interest on the unpaid principal amount thereof at a rate of 8.50% per annum (based on a year of 360 calendar days composed of twelve 30-day months) from the Issue Date calculated semi-annually and payable in arrears in equal instalments on each Interest Payment Date. The first Interest Payment Date shall be December 31, 2022 and the Interest Obligation on such date shall equal \$43.55 for each \$1,000 principal amount of Series B Debentures.
- (b) The Company shall have the right to elect, from time to time, provided no Event of Default has occurred or is continuing or would result after giving pro forma effect thereto, in respect of all of the then outstanding Series B Debentures, to satisfy any Interest Obligation, in full, on any Interest Payment Date (other than any Interest Payment Date (i) occurring prior to June 30, 2024, or (ii) which is also the Maturity Date, a Redemption Date or an acceleration date) by (x) delivering PIK Debentures in accordance with this Section 2.4 or (y) if applicable, increasing the amount of the Global Debenture in accordance with clause (e) of this Section 2.4, subject always to Section 2.4(d). For greater certainty, on any Interest Payment Date (i) occurring on or after June 30, 2024 or (ii) which is also the Maturity Date, a Redemption Date or an acceleration date, the Company shall satisfy the corresponding Interest Obligation on such Interest Payment Date by payment in full in cash.
- (c) A PIK Election shall be made by delivering a PIK Election Notice to the Trustee (and, in the case of Series B Debentures represented by Uncertificated Debentures registered in the name of, or held by, CDS or its nominees, to CDS at sies.cainfo@tmx.com) not less than 15 Business Days prior to the Interest Payment Date to which the PIK Election relates; provided, that a PIK Election, once made in respect of an Interest Payment Date in accordance with this Section 2.4, shall be deemed to be made as well to each subsequent Interest Payment Date, without any further action or notice from the Company, until the Company has withdrawn such PIK Election in accordance with clause (g) of this Section 2.4; provided, further, however, that a PIK Election shall not be deemed to apply to an Interest Payment Date where (i) such Interest Payment Date is the Maturity Date, a

Redemption Date or an acceleration date or (ii) there is an Event of Default which has occurred or is continuing on such Interest Payment Date or would result after giving pro forma effect to such PIK Election, in which case, for greater certainty, all Interest Obligations due and payable on such Interest Payment Date shall be payable in full in cash.

- (d) So long as a PIK Election Notice has been made and not withdrawn in accordance with this Section 2.4(d), the Series B Debentures shall bear interest as follows: 8.50% per annum paid-in-kind (which payment-in-kind interest shall be capitalized on the applicable Interest Payment Date and evidenced by PIK Debentures).
- (e) At all times, the obligation to pay a PIK Interest Amount shall be satisfied (i) with respect to Series B Debentures represented by Uncertificated Debentures, registered in the name of, or held by, CDS or its nominee on the relevant Interest Payment Date, by increasing the principal amount of the outstanding Uncertificated Debentures by an amount equal to the amount of such PIK Interest Amount on the applicable Interest Payment Date (rounded down to the nearest whole dollar), or (ii) with respect to Series B Debentures in certificated form, by indicating payment thereof and an increase in the principal amount of the Series B Debentures in the register for the Series B Debentures and by issuing PIK Debentures in certificated form in an aggregate principal amount equal to such PIK Interest Amount (rounded down to the nearest whole dollar) and the Trustee will, at the written request of the Company, certify and deliver such PIK Debentures in certificated form for original issuance to the holders thereof on the relevant Interest Payment Date, as shown in the register for the Series B Debentures; provided that a holder of a Series B Debenture represented by a physical certificate shall be entitled to PIK Interest Amount so long as the increase in the principal amount of the Series B Debentures is recorded in the register for the Series B Debentures, whether or not PIK Debentures represented by a physical certificate representing such PIK Interest Amount have been issued to such holder. Following an increase in the principal amount of Uncertificated Debentures in accordance with this clause (d), such Uncertificated Debentures will bear interest on such increased principal amount from and after the applicable Interest Payment Date as otherwise set forth in Section 2.4(a). Any PIK Debentures issued in certificated form will be dated as of the applicable Interest Payment Date and will bear interest from and after such date as otherwise set forth in Section 2.4(a).
- (f) PIK Debentures issued in accordance with this Section 2.4 shall be subject to the same terms and conditions as the Series B Debentures issued on the Issue Date and shall also be designated as “8.50% Secured PIK Toggle Debentures due 2026”. Such PIK Debentures shall constitute part of the same series of securities as the Series B Debentures issued on the Issue Date and the holders thereof will have the right to vote together with the holders of all other outstanding Series B Debentures as one class on all matters with respect to the Indenture and the Series B Debentures.
- (g) The Company shall have the right to withdraw any PIK Election by delivering written notice to the Trustee not less than 5 Business Days prior to the consummation of such PIK Election and the issuance of any PIK Debentures on the Interest Payment Date in respect of which such PIK Election was made or deemed made, whereupon the Company shall be obliged to pay in cash in full the Interest Obligation in respect of which such PIK Election was made on such Interest Payment Date.

- (h) Interest shall be payable in respect of each Interest Period (after as well as before maturity, default and judgment, with interest on overdue interest at the same rate) on each Interest Payment Date in accordance with Section 2.13 of the Indenture.
- (i) If the Series B Debentures are represented by a Global Debenture, the record date will be the close of business five Business Days preceding the relevant Interest Payment Date. If the Series B Debentures are not represented by a Global Debenture, the record date will be 10 Business Days prior to an Interest Payment Date.

2.5 REDEMPTION

The Series B Debentures are redeemable at the option of the Company at any time and from time to time pursuant to the provisions of Article 3 of the Indenture in whole or in part before the Maturity Date. The Redemption Price for the Series B Debentures shall equal 101% of the principal amount of those Series B Debentures which are redeemed, unless the Series B Debentures are redeemed after the first anniversary of their issuance, in which case the Series B Debentures will be redeemable at par value and, in each case, together with all accrued and unpaid interest up to but excluding the Redemption Date.

2.6 DENOMINATIONS

The Series B Debentures may be issued in any denomination.

2.7 FORM OF SERIES B DEBENTURES

- (a) The Series B Debentures and the certificate of the Trustee endorsed thereon shall be issued in substantially the form set out in Schedule A hereto, with such insertions, omissions, substitutions or other variations as shall be required or permitted by the Indenture and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of the Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Board of Directors executing such Series B Debenture in accordance with Section 2.7 of the Indenture, as conclusively evidenced by their execution of a Series B Debenture. Each Series B Debenture shall additionally bear such distinguishing letters and numbers as the Trustee shall approve. Notwithstanding the foregoing, a Series B Debenture may be in such other form or forms as may, from time to time, be approved by a resolution of the Board of Directors, or as specified in an Officer's Certificate. The Series B Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.
- (b) The Series B Debentures shall be issued in the form of one or more Debenture Certificates and as Uncertificated Debentures. Notwithstanding the foregoing, Series B Debentures issued to U.S. Purchasers (other than Qualified Institutional Buyers that have delivered to the Company a Qualified Institutional Buyer Letter) shall be issued only as Debenture Certificates.

2.8 PARI PASSU RANKING

The Series B Debentures will rank pari passu in right of payment of principal and interest with all other Debentures issued pursuant to the Indenture.

2.9 CONVERSION OF SERIES B DEBENTURES

- (a) Upon and subject to the provisions and conditions of Article 7 of the Indenture, the holder of each Series B Debenture shall have the right at such holder's option, at any time prior to the earliest of: (i) the close of business on the Maturity Date; and (ii) the Business Day immediately preceding the date specified by the Company for redemption of all or a portion of the Series B Debentures upon a Change of Control, subject to the satisfaction of certain conditions, by notice to the holders of Series B Debentures in accordance with Section 2.6 of the Indenture (the earlier of which will be the "Time of Expiry" for the purposes of Article 7 of the Indenture in respect of the Series B Debentures), to convert any part of the principal amount of a Series B Debenture into Common Shares at the Conversion Price in effect on the Date of Conversion.
- (b) The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of Series B Debentures shall be equal to \$0.30 such that approximately 3,333 Common Shares shall be issued for each \$1,000 principal amount of Series B Debentures so converted. Except as provided below, no adjustment in the number of Common Shares to be issued upon conversion will be made for dividends or distributions on Common Shares issuable upon conversion, the record date for the payment of which precedes the date upon which the holder becomes a holder of Common Shares in accordance with Article 7 of the Indenture, or for interest accrued on Series B Debentures surrendered. No fractional Common Shares will be issued, and the number of Common Shares so issuable will be rounded down to the nearest whole number on any conversion of the Series B Debentures. The Conversion Price applicable to, and the Common Shares, securities or other property receivable on the conversion of, the Series B Debentures is subject to adjustment pursuant to the provisions of Section 7.3 of the Indenture. Holders converting their Series B Debentures will receive, in addition to the applicable number of Common Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Series B Debentures surrendered for conversion up to and including the Date of Conversion from, and including, the most recent Interest Payment Date. The Conversion Price will not be adjusted for accrued interest.
- (c) Notwithstanding any other provisions of the Indenture, as supplemented by this Second Supplemental Indenture, if a Series B Debenture is surrendered for conversion on an Interest Payment Date or during the five Business Days preceding each Interest Payment Date, the Person or Persons entitled to receive Common Shares in respect of the Series B Debenture so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date and, for clarity, any interest payable on such Series B Debentures will be for the account of the holder of record of such Series B Debentures at the close of business on the relevant record date.
- (d) A Series B Debenture in respect of which a holder has accepted a notice in respect of a Change of Control Offer pursuant to the provisions of Section 2.6 of the Indenture may be surrendered for conversion only if such notice is withdrawn in accordance with the Indenture, as supplemented by this Second Supplemental Indenture,

2.10 PAYMENT ON MATURITY

Payment on maturity of Series B Debentures shall be provided for by the Company depositing with the Trustee or any paying agent to the order of the Trustee, on or before 11:00 a.m. (Toronto Time) on the

Business Day immediately prior to the date upon which the Series B Debentures are converted or the Maturity Date, as applicable, such sums of money as may be sufficient to pay any principal amount of Series B Debentures and accrued and unpaid interest thereon up to but excluding the conversion date or Maturity Date, as applicable, in respect of which the Company has not exercised its right of conversion. The Company shall also deposit with the Trustee a sum of money satisfactory to the Trustee and sufficient to pay any charges or expenses which may be incurred by the Trustee in connection therewith. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid to the holders of such Series B Debentures, upon surrender of such Series B Debentures, the principal and interest to which they are respectively entitled on the conversion date or Maturity Date, as applicable.

**ARTICLE 3
MISCELLANEOUS**

3.1 ACCEPTANCE OF TRUST

The Trustee accepts the trusts in this Second Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this Second Supplemental Indenture and in accordance with the Indenture.

3.2 CONFIRMATION OF TRUST INDENTURE

The Indenture as amended and supplemented by this Second Supplemental Indenture is in all respects confirmed.

3.3 COUNTERPARTS

This Second Supplemental Indenture may be executed in several counterparts each of which so executed shall be deemed to be original and such counterparts together shall constitute one and the same instrument.

SIGNATURE PAGE IMMEDIATELY FOLLOWS

IN WITNESS WHEREOF the parties hereto have executed this Second Supplemental Indenture under the hands of their proper officers in that behalf.

ALEAFIA HEALTH INC.

DocuSigned by:
Per: Tricia Symmes
01B88568E6C642B...
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEE44F1...
Name: Matthew Sale
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY OF CANADA
as Trustee**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

IN WITNESS WHEREOF the parties hereto have executed this Second Supplemental Indenture under the hands of their proper officers in that behalf.

ALEAFIA HEALTH INC.

Per: _____
Name: Patricia Ann Symmes-Rizakos
Title: Chief Executive Officer

Per: _____
Name: Matthew Sale
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY OF CANADA
as Trustee**

Per:  _____
Name: Jonathan Champoux Cadoche
Title: Corporate Trust Officer

Per:  _____
Name: Geneviève Leduc
Title: Corporate Trust Officer

**SCHEDULE A
FORM OF SERIES B DEBENTURE**

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 28, 2022.

(INSERT IF BEING ISSUED TO CDS) THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE AMENDED AND RESTATED TRUST INDENTURE DATED AS OF THE 27 DAY OF JUNE, 2022 BETWEEN ALEAFIA HEALTH INC. AND COMPUTERSHARE TRUST COMPANY OF CANADA, AS SUPPLEMENTED BY THE SECOND SUPPLEMENTAL INDENTURE DATED AS OF THE 27 DAY OF JUNE, 2022 (THE “**INDENTURE**”). EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“**CDS**”) TO ALEAFIA HEALTH INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.”

[U.S. LEGEND – TO BE INCLUDED ON ALL DEBENTURES ISSUED TO U.S. PURCHASERS EXCEPT QUALIFIED INSTITUTIONAL BUYERS WHO HAVE EXECUTED AND DELIVERED A QUALIFIED INSTITUTIONAL BUYER LETTER.]

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES DELIVERABLE UPON CONVERSION HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE *UNITED STATES SECURITIES ACT* OF 1933, AS AMENDED (THE “*U.S. SECURITIES ACT*”) OR U.S. STATE SECURITIES LAWS. BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, THE HOLDER AGREES FOR THE BENEFIT OF ALEAFIA HEALTH INC. (THE “COMPANY”) THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO COMPANY; OR (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATIONS UNDER THE *U.S. SECURITIES ACT*, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; OR (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE *U.S. SECURITIES ACT* PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS; OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE *U.S. SECURITIES ACT* OR ANY APPLICABLE STATE SECURITIES LAWS; OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE *U.S. SECURITIES ACT*, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

CUSIP 01444QAC8
ISIN CA01444QAC83

No. ●
\$●

ALEAFIA HEALTH INC.

(A company incorporated under the laws of Ontario)

8.50% SECURED CONVERTIBLE DEBENTURE, SERIES B

DUE JUNE 30, 2026

Aleafia Health Inc. (the “**Company**”) for value received hereby acknowledges itself indebted and, subject to the provisions of the Amended and Restated Debenture Indenture

(the “**Indenture**”) dated as of June 27, 2022 between the Company and Computershare Trust Company of Canada (the “**Trustee**”), as supplemented by the first supplemental indenture dated as June 27, 2022, promises to pay to the registered holder hereof on June 30, 2026 or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture (any such date, the “**Maturity Date**”) the principal amount hereof in lawful money of Canada on presentation and surrender of this Debenture at the main branch of the Trustee in Toronto, Ontario or Montréal, Québec in accordance with the terms of the Indenture and, subject as hereinafter provided and as provided in the Indenture, to pay interest on the principal amount hereof, or from the last interest payment date to which interest shall have been paid or made available for payment on the outstanding Debentures (as hereinafter defined), whichever is later, at the rate of 8.50% per annum, in like money, in arrears in equal semi-annual installments on June 30 and December 31 in each year commencing on December 31, 2022 and, should the Company at any time make default in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money.

This Debenture is one of the 8.50% interest bearing Secured Convertible Debentures, Series B (referred to herein as the “**Debentures**”) of the Company issued or issuable in one or more series under the provisions of the Indenture. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are or are to be issued and held and the rights and remedies of the holders of the Debentures and of the Company and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Debenture by acceptance hereof assents.

The Debentures are issuable in any denomination. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

On or after the date hereof, any part of the principal of this Debenture, provided that the principal amount of this Debenture is in a denomination in excess of \$1,000, is convertible, at the option of the holder hereof, upon surrender of this Debenture at the principal office of the Trustee in Montréal, Québec, at any time prior to 5:00 p.m. (Toronto Time) on the Business Day preceding the Maturity Date or, if called for repurchase pursuant to a Change of Control (as defined in the Indenture) on the Business Day immediately prior to the payment date, into common shares of the Company (the “**Common Shares**”) (without adjustment for interest accrued hereon or for dividends or distributions on Common Shares issuable upon conversion) at a conversion price of \$0.30 (the “**Conversion Price**”) per Common Share, being a rate of approximately 3,333 Common Shares for each \$1,000 principal amount of Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. No Debentures may be converted during the five Business Days preceding each of June 30 and December 31 in each year, commencing December 31, 2022, as the registers of the Trustee will be closed during such periods. The Indenture makes

provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion of the Debentures. Holders converting their Debentures will receive accrued and unpaid interest thereon. If a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Common Shares in respect of the Debentures so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date and, for clarity, any interest payable on such Debentures will be for the account of the holder of record of such Debentures at the close of business on the relevant record date.

In the event Debentures are converted prior to October 28, 2022, the Common Shares issued upon such conversion shall bear the following legend:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 28, 2022.”

This Debenture may be redeemed at the option of the Company on the terms and conditions set out in the Indenture. On and after the date hereof and prior to the Maturity Date, the Debentures may be redeemed in whole or in part at the option of the Company at the applicable redemption amount plus accrued and unpaid interest.

Not less than 30 calendar days prior to the consummation of: (i) any event as a result of or following which any person, or group of persons “acting jointly or in concert” within the meaning of applicable Canadian securities laws, beneficially owns or exercises control or direction over an aggregate of more than 50% of the then outstanding Common Shares; or (ii) the sale or other disposition of all or substantially all of the consolidated assets of the Company (each, a “**Change of Control**”), the Company shall notify the holders of the Debentures of the Change of Control, and each holder of the Debentures shall, in its sole discretion, have the right to require the Company to repurchase its Debentures in accordance with the provisions of Section 2.6 of the Indenture.

This Debenture and the Common Shares issuable upon conversion hereof have not been and will not be registered under the *United States Securities Act* of 1933, as amended (the “*U.S. Securities Act*”), or the securities laws of any state of the United States. This Debenture may not be converted by or for the account or benefit of a U.S. Person or a person in the United States absent an exemption from the registration requirements of the *U.S. Securities Act* and applicable state securities laws. In addition, this Debenture and the underlying Common Shares may only be offered and sold to a U.S. Person or a person in the United States pursuant to an exemption from the registration requirements of the *U.S. Securities Act* and applicable state securities laws. “**U.S. Person**” and “**United States**” are as defined in Regulation S under the *U.S. Securities Act*.

The Indenture contains provisions binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares and officers, directors and employees of the Company in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Toronto, Ontario or Montréal, Québec and in such other place or places and/or by such other registrars (if any) as the Company with the approval of the Trustee may designate. No transfer of this Debenture shall be valid unless made on the register by the registered holder hereof or its executors or administrators or other legal representatives, or its or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe and upon surrender of this Debenture for cancellation. Thereupon a new Debenture or Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture. In the event of any inconsistency between the terms of this Debenture and the Indenture, the terms of the Indenture shall govern.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF Aleafia Health Inc. has caused this Debenture to be signed by its authorized representatives as of _____, 2022.

ALEAFIA HEALTH INC.

By: _____
Name: Tricia Symmes
Title: Chief Executive Officer

By: _____
Name: Matthew Sale
Title: Chief Financial Officer

TRUSTEE'S CERTIFICATE

This Debenture is one of the 8.50% Series B Secured Convertible Debentures due June 30, 2026 referred to in the Indenture herein mentioned.

Dated:

**COMPUTERSHARE TRUST COMPANY
OF CANADA**

By: _____
Name:
Title:

REGISTRATION PANEL

(No writing hereon except by Trustee or other registrar)

Date of Registration	In Whose Name Registered	Signature of Trustee or Registrar

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto , whose address and social insurance number, if applicable, are set forth below, this Debenture (or \$ principal amount hereof*) of **ALEAFIA HEALTH INC.** standing in the name(s) of the undersigned in the register maintained by the Company with respect to such Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Debenture in such register, with full power of substitution in the premises.

Dated:

Address of Transferee:

(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable:

*If less than the full principal amount of the within Debenture is to be transferred, indicate in the space provided the principal amount to be transferred.

Check if the undersigned Transferor is a U.S. Purchaser that acquired Debentures as “restricted securities” and which are represented by one or more Debenture Certificate endorsed with a U.S. Legend. IF THIS BOX IS CHECKED, THE TRANSFEROR MUST COMPLETE AND DELIVER A CERTIFICATE OF TRANSFER SUBSTANTIALLY AS SET FORTH IN 0 TO THE INDENTURE.

REASON FOR TRANSFER – For US Residents only (where the individual(s) or corporation receiving the securities is a US resident). Please select only one (see instructions below).

Gift

Estate

Private Sale

Other (or no change in ownership)

Date of Event (Date of gift, death or sale): **Value per Debenture** on the date of event:

--

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized

officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a "SIGNATURE & AUTHORITY TO SIGN GUARANTEE" Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

The registered holder of this Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

Authorized Officer

Signature of transferring registered holder

Name of Institution

SCHEDULE B
FORM OF NOTICE OF CONVERSION

To: **ALEAFIA HEALTH INC.**

(CUSIP 01444QAC8 / ISIN CA01444QAC83)

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 8.50% Series B Secured Convertible Debentures irrevocably elects to convert such Debentures (or \$● principal amount thereof *) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures and directs that the Common Shares of Aleafia Health Inc. issuable upon a conversion be issued and delivered to the person indicated below. (If Common Shares are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned and a Residency Declaration Form must be completed and delivered in respect of such other person).

If the Debentures are being converted by, or for the account or benefit of a U.S. person or a person in the United States, the undersigned represents, warrants and certifies as follows (one only) of the following must be checked):

A. The undersigned has not been solicited to convert the Debentures by any person, or if the undersigned has been solicited to convert the Debentures, the undersigned has confirmed that no commission or remuneration has been or will be paid or given, directly or indirectly, for soliciting such conversion, and the undersigned acknowledges that the Company is relying on the registration exemption provided by section 3(a)(9) of the *United States Securities Act* of 1933, as amended (the “*U.S. Securities Act*”), to issue the Common Shares; OR

B. The undersigned has delivered to the Company and the Trustee an opinion of counsel reasonably satisfactory to the Company to the effect that an exemption from the registration requirements of the *U.S. Securities Act* and applicable state securities laws is available. (Note: If this box is to be checked, holders are encouraged to consult with the Company in advance to determine that the legal opinion tendered in connection with conversion will be satisfactory in form and substance to the Company.)

If the undersigned has checked Box A or B, and the undersigned has determined with the benefit of legal advice that the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the undersigned in order to maintain compliance with the *U.S. Securities Act*, the undersigned has caused to be delivered to the Company and the Trustee, at

the request of the Company or the Trustee, an opinion of counsel of recognised standing, in form and substance reasonably satisfactory to the Company, to the foregoing effect.

Dated: _____
_____ (Signature of Registered Holder)

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount.

NOTE: If Common Shares are to be issued in the name of a person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: **“SIGNATURE GUARANTEED”**.

(Print name in which Common Shares are to be issued, delivered and registered)

Name: _____

Address: _____

(City, Province and Postal Code)

Name of guarantor: _____

Authorized signature: _____

**SCHEDULE C
COMMON SHARE LEGEND**

(TO BE INCLUDED IF ISSUED TO U.S. PURCHASERS) THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE *UNITED STATES SECURITIES ACT* OF 1933, AS AMENDED (THE “*U.S. SECURITIES ACT*”) OR U.S. STATE SECURITIES LAWS. BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, THE HOLDER AGREES FOR THE BENEFIT OF ALEAFIA HEALTH INC. (THE “COMPANY”) THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO COMPANY; OR (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE *U.S. SECURITIES ACT*, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; OR (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE *U.S. SECURITIES ACT* PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS; OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE *U.S. SECURITIES ACT* OR ANY APPLICABLE STATE SECURITIES LAWS; OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE *U.S. SECURITIES ACT*, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “**GOOD DELIVERY**” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

SCHEDULE D
FORM OF CERTIFICATE OF TRANSFER

Aleafia Health Inc.
85 Basaltic Road
Concord, Ontario L4K 1G4
Attention: Chief Executive Officer

Computershare Trust Company of Canada
100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1

Re: Transfer of Debentures

Reference is hereby made to the Amended and Restated Indenture, dated as of June 27, 2022 (the “**Indenture**”), between Aleafia Health Inc., as issuer (the “**Company**”), and Computershare Trust Company of Canada, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the “**Transferor**”) owns and proposes to transfer the Debentures or interests in such Debentures specified in Annex A hereto, in the principal amount of \$ _____ (the “**Transfer**”), to _____ (the “**Transferee**”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that

[CHECK ALL THAT APPLY]

Check if Transferee will take delivery of an interest in an Unrestricted Uncertificated Debenture or an Unrestricted Physical Debenture pursuant to Regulation S. The Transfer is being effected pursuant to and in accordance with Rule 904 of Regulation S under the *Securities Act* and, accordingly, the Transferor hereby further certifies that (i) the Transferor is not an “affiliate” of the Company as that term is defined in Rule 405 under the *Securities Act*, (ii) the offer was not made, and the Transfer is not being made, to a U.S. Person or a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States and not a U.S. Person or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States and not a U.S. Person or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States or to or for the account or benefit of a person in the United States or a U.S. Person, (iii) neither the Transferor nor any affiliate of the Transferor nor any Person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the Transfer, (iv) the Transfer is bona fide and not for the purpose of “washing off” the resale restrictions imposed because the

securities are “restricted securities” (as that term is defined in Rule 144(a)(3) under the *Securities Act*), (v) the Transferor does not intend to replace such securities with fungible unrestricted securities and (vi) the transaction is not part of a plan or scheme to evade the registration requirements of the *Securities Act*. Terms used in this section have the meaning given to them by Regulation S under the *Securities Act*.

Check and complete if Transferee will take delivery of an interest in an Unrestricted Uncertificated Debenture or an Unrestricted Physical Debenture pursuant to any provision of the *Securities Act* other than Regulation S.

Check if Transfer is pursuant to Rule 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the *Securities Act* (“**Rule 144**”) and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States, and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Transferor in order to maintain compliance with the *Securities Act*.

Check if Transfer is Pursuant to Other Exemption. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the *Securities Act* other than Rule 144A, Regulation S and Rule 144, and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States, and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Transferor in order to maintain compliance with the *Securities Act*.

In connection with requests for transfers pursuant to item 3(a) or item 3(b), the Transferor must deliver to the Company and the Trustee an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Trustee and the Company, to the effect that the legend is no longer required under applicable requirements of the *Securities Act* or state securities laws.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name: ●

Title: ●

Dated: _____

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:
[CHECK ONE OF (a) OR (b) OR (c) OR (d)]

a Restricted Uncertificated Debenture CUSIP

an Unrestricted Uncertificated Debenture CUSIP

a Restricted Physical Debenture

an Unrestricted Physical Debenture

after the Transfer the Transferee will hold:

[CHECK ONE OF (e) OR (f) OR (g) OR (h)]

a Restricted Uncertificated Debenture CUSIP

an Unrestricted Uncertificated Debenture CUSIP

a Restricted Physical Debenture

an Unrestricted Physical Debenture

in accordance with the terms of the Indenture.

SCHEDULE E
FORM OF CERTIFICATE OF EXCHANGE

Aleafia Health Inc.
85 Basaltic Road
Concord, Ontario L4K 1G4
Attention: Chief Executive Officer

Computershare Trust Company of Canada
100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1

(CUSIP 01444QAC8 / ISIN CA01444QAC83)

Reference is hereby made to the Amended and Restated Indenture, dated as of June 27, 2022 (the “**Indenture**”), between Aleafia Health Inc., as issuer (the “**Company**”), and Computershare Trust Company of Canada, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the “**Owner**”) owns and proposes to exchange the Debentures or interests in such Debentures specified herein, in the principal amount of \$ _____ (the “**Exchange**”). In connection with the Exchange, the Owner hereby certifies that:

Exchange of Restricted Physical Debentures or Restricted Uncertificated Debenture for Unrestricted Physical Debentures or Unrestricted Uncertificated Debenture

Check if Exchange is a Restricted Uncertificated Debenture to an Unrestricted Uncertificated Debenture. In connection with the Exchange of the Restricted Uncertificated Debenture for an Unrestricted Uncertificated Debenture in an equal principal amount, the Owner hereby certifies (i) the interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Uncertificated Debentures and pursuant to and in accordance with the United States *Securities Act* of 1933, as amended (the “*Securities Act*”), (iii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Owner in order to maintain compliance with the *Securities Act* and (iv) the interest in an Unrestricted Uncertificated Debenture is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

Check if Exchange is from Restricted Physical Debenture to Unrestricted Physical Debenture. In connection with the Owner’s Exchange of a Restricted Physical Debenture for an Unrestricted Physical Debenture, the Owner hereby certifies (i) the Unrestricted Physical Debenture is being acquired for the Owner’s own account without transfer, such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Physical Debentures and pursuant to and in accordance with the *Securities Act*, the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the Physical Debenture of the Owner in order to maintain compliance with the *Securities Act* and (iv) the Unrestricted Physical Debenture is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

In connection with requests for Exchanges pursuant to item 1(a) or 1(b), the Owner must deliver to the Company and the Trustee an opinion of counsel of recognized standing in form and substance satisfactory to the Trustee and reasonably satisfactory to the Company, to the effect that the legend is no longer required under applicable requirements of the *Securities Act* or state securities laws.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name: ●

Title: ●

Dated: _____

ALEAFIA HEALTH INC.

Company

and

COMPUTERSHARE TRUST COMPANY OF CANADA

Trustee

THIRD SUPPLEMENTAL INDENTURE

Supplementing the Indenture

Dated as of June 27, 2022

and

Providing for the issue of

8.50% Series C Secured Convertible Debentures Due June 30, 2028

June 27, 2022

THIS THIRD SUPPLEMENTAL INDENTURE dated as of the 27 day of June, 2022

BETWEEN:

ALEAFIA HEALTH INC., a corporation incorporated under the laws of Ontario (the “**Company**”)

- and-

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada, as trustee (the “**Trustee**”)

WHEREAS the Company has entered into an Amended and Restated Debenture Indenture dated as of June 27, 2022 that provides for the issuance of one or more series of secured convertible debentures of the Company by way of Supplemental Indentures;

AND WHEREAS the Company entered into a first supplemental indenture (the “**First Supplemental Indenture**”) dated the date hereof to the Amended and Restated Debenture Indenture pursuant to which the Company issued \$12,349,666 aggregate principal amount of secured debentures, all of which are outstanding on the date hereof;

AND WHEREAS the Company entered into a second supplemental indenture (the “**Second Supplemental Indenture**”) dated the date hereof to the Amended and Restated Debenture Indenture pursuant to which the Company issued \$12,349,666 aggregate principal amount of secured debentures, all of which are outstanding on the date hereof;

AND WHEREAS this Third Supplemental Indenture is entered into for the purpose of providing for the issue of Series C Debentures pursuant to the Indenture and establishing the terms, provisions and conditions of the Series C Debentures;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Company and not by the Trustee;

NOW THEREFORE this Third Supplemental Indenture witnesses and it is hereby covenanted, agreed and declared as follows:

**ARTICLE 1
INTERPRETATION**

1.1 TO BE READ WITH TRUST INDENTURE

This Third Supplemental Indenture is a Supplemental Indenture within the meaning of the Indenture. The Indenture and this Third Supplemental Indenture shall be read together and shall have effect so far as practicable as though all the provisions of both indentures were contained in one instrument. The terms “**this Third Supplemental Indenture**”, “**herein**”, “**hereof**”, “**hereby**”, “**hereunder**” and similar expressions, unless the context otherwise specifies or requires, refer to the Indenture as supplemented by this Third Supplemental Indenture and not to any particular Article, section or other portion, and include every instrument supplemental or ancillary to this Ninth Supplemental Indenture.

1.2 DEFINITIONS

All terms which are defined in the Indenture and used but not defined in this Third Supplemental Indenture shall have the meanings ascribed to them in the Indenture, as such meanings may be amended by this Third Supplemental Indenture. In the event of any inconsistency between the terms of the Indenture and this Third Supplemental Indenture, the terms in this Third Supplemental Indenture prevail. Subject to the foregoing, in this Third Supplemental Indenture and in the Series C Debentures, the following expressions have the following meanings:

“**Indenture**” means the Amended and Restated Debenture Indenture dated as of June 27, 2022 between the Company and the Trustee, as supplemented by the First Supplemental Indenture and the Second Supplemental Indenture, and as further amended, supplemented or restated from time to time.

“**Interest Obligation**” means, on any Interest Payment Date, the amount of interest owing with respect to the Series C Debentures.

“**Interest Payment Date**” means June 30 and December 31 in each year.

“**Interest Period**” means the period commencing on the later of (i) the Issue Date of the Series C Debentures, and (ii) the immediately preceding Interest Payment Date and ending on the day immediately preceding the Interest Payment Date in respect of which interest is payable.

“**Issue Date**” means June 27, 2022.

“**Maturity Date**” has the meaning ascribed in Section 2.3.

“**PIK Election**” means an election by the Company to satisfy an Interest Obligation on the applicable Interest Payment Date in full by issuing PIK Debentures in accordance with Section 2.4.

“**PIK Election Notice**” means a written notice made by the Company to the Trustee specifying (i) the Interest Obligation and Interest Payment Date to which the PIK Election relates, and (ii) the amount of the Interest Obligation subject to the PIK Election.

“**PIK Interest Amount**” means the Interest Obligation to be satisfied in full by the issuance of PIK Debentures by the Company in accordance with a PIK Election made, or deemed made, by the Company pursuant to Section 2.4.

“**PIK Debentures**” means, as applicable, (x) additional Series C Debentures issued from time to time by the Company in accordance with Section 2.4 or (y) any increase made to the principal amount of the outstanding Series C Debentures in accordance with Section 2.4, in either case to satisfy any Interest Obligation.

“**Series C Debentures**” means the 8.50% Series C Secured Convertible Debentures due June 30, 2028 referred to in Section 2.1 of this Third Supplemental Indenture.

1.3 DAY NOT A BUSINESS DAY

If any day on which an amount is to be determined or an action is to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be taken at or before the requisite time on the next succeeding day that is a Business Day at such location.

ARTICLE 2
SERIES B DEBENTURES

2.1 CREATION AND DESIGNATION

The Company is authorized in accordance with the Indenture to issue under this Third Supplemental Indenture a series of debentures designated 8.50% Series C Secured Convertible Debentures due June 30, 2028, which shall have the terms set out in this Third Supplemental Indenture.

2.2 AGGREGATE PRINCIPAL AMOUNT

The aggregate principal amount of the Series C Debentures which may be issued under this Third Supplemental Indenture shall be unlimited.

2.3 DATE AND ISSUE OF MATURITY

The Series C Debentures shall be dated the Issue Date and shall become due and payable, together with all accrued interest and unpaid interest thereon, on June 30, 2028 (the “**Maturity Date**”). For greater certainty, it is acknowledged and agreed that certain of the Series C Debentures are to be issued to certain Debentureholders in satisfaction of a consent fee payable to such Debentureholders in accordance with the terms of those certain consent and support agreements ("Support Agreements") dated May [27], 2022 entered into by the Company with such Debentureholders.

2.4 INTEREST

- (a) The Series C Debentures shall bear interest on the unpaid principal amount thereof at a rate of 8.50% per annum (based on a year of 360 calendar days composed of twelve 30-day months) from the Issue Date calculated semi-annually and payable in arrears in equal instalments on each Interest Payment Date. The first Interest Payment Date shall be December 31, 2022 and the Interest Obligation on such date shall equal \$43.55 for each \$1,000 principal amount of Series C Debentures.
- (b) The Company shall have the right to elect, from time to time, provided no Event of Default has occurred or is continuing or would result after giving pro forma effect thereto, in respect of all of the then outstanding Series C Debentures, to satisfy any Interest Obligation, in full, on any Interest Payment Date (other than any Interest Payment Date (i) occurring prior to December 31, 2024, or (ii) which is also the Maturity Date, a Redemption Date or an acceleration date) by (x) delivering PIK Debentures in accordance with this Section 2.4 or (y) if applicable, increasing the amount of the Global Debenture in accordance with clause (e) of this Section 2.4, subject always to Section 2.4(d). For greater certainty, on any Interest Payment Date (i) occurring on or after December 31, 2024 or (ii) which is also the Maturity Date, a Redemption Date or an acceleration date, the Company shall satisfy the corresponding Interest Obligation on such Interest Payment Date by payment in full in cash.
- (c) A PIK Election shall be made by delivering a PIK Election Notice to the Trustee (and, in the case of Series C Debentures represented by Uncertificated Debentures registered in the name of, or held by, CDS or its nominees, to CDS at sies.cainfo@tmx.com) not less than 15 Business Days prior to the Interest Payment Date to which the PIK Election relates; provided, that a PIK Election, once made in respect of an Interest Payment Date in accordance with this Section 2.4, shall be deemed to be made as well to each subsequent

Interest Payment Date, without any further action or notice from the Company, until the Company has withdrawn such PIK Election in accordance with clause (g) of this Section 2.4; provided, further, however, that a PIK Election shall not be deemed to apply to an Interest Payment Date where (i) such Interest Payment Date is the Maturity Date, a Redemption Date or an acceleration date or (ii) there is an Event of Default which has occurred or is continuing on such Interest Payment Date or would result after giving pro forma effect to such PIK Election, in which case, for greater certainty, all Interest Obligations due and payable on such Interest Payment Date shall be payable in full in cash.

- (d) So long as a PIK Election Notice has been made and not withdrawn in accordance with this Section 2.4(d), the Series C Debentures shall bear interest as follows: 8.50% per annum paid-in-kind (which payment-in-kind interest shall be capitalized on the applicable Interest Payment Date and evidenced by PIK Debentures).
- (e) At all times, the obligation to pay a PIK Interest Amount shall be satisfied (i) with respect to Series C Debentures represented by Uncertificated Debentures, registered in the name of, or held by, CDS or its nominee on the relevant Interest Payment Date, by increasing the principal amount of the outstanding Uncertificated Debentures by an amount equal to the amount of such PIK Interest Amount on the applicable Interest Payment Date (rounded down to the nearest whole dollar), or (ii) with respect to Series C Debentures in certificated form, by indicating payment thereof and an increase in the principal amount of the Series C Debentures in the register for the Series C Debentures and by issuing PIK Debentures in certificated form in an aggregate principal amount equal to such PIK Interest Amount (rounded down to the nearest whole dollar) and the Trustee will, at the written request of the Company, certify and deliver such PIK Debentures in certificated form for original issuance to the holders thereof on the relevant Interest Payment Date, as shown in the register for the Series C Debentures; provided that a holder of a Series C Debenture represented by a physical certificate shall be entitled to PIK Interest Amount so long as the increase in the principal amount of the Series C Debentures is recorded in the register for the Series C Debentures, whether or not PIK Debentures represented by a physical certificate representing such PIK Interest Amount have been issued to such holder. Following an increase in the principal amount of Uncertificated Debentures in accordance with this clause (d), such Uncertificated Debentures will bear interest on such increased principal amount from and after the applicable Interest Payment Date as otherwise set forth in Section 2.4(a). Any PIK Debentures issued in certificated form will be dated as of the applicable Interest Payment Date and will bear interest from and after such date as otherwise set forth in Section 2.4(a).
- (f) PIK Debentures issued in accordance with this Section 2.4 shall be subject to the same terms and conditions as the Series C Debentures issued on the Issue Date and shall also be designated as “8.50% Secured PIK Toggle Debentures due 2028”. Such PIK Debentures shall constitute part of the same series of securities as the Series C Debentures issued on the Issue Date and the holders thereof will have the right to vote together with the holders of all other outstanding Series C Debentures as one class on all matters with respect to the Indenture and the Series C Debentures.
- (g) The Company shall have the right to withdraw any PIK Election by delivering written notice to the Trustee not less than 5 Business Days prior to the consummation of such PIK Election and the issuance of any PIK Debentures on the Interest Payment Date in respect of which such PIK Election was made or deemed made, whereupon the Company shall be

obliged to pay in cash in full the Interest Obligation in respect of which such PIK Election was made on such Interest Payment Date.

- (h) Interest shall be payable in respect of each Interest Period (after as well as before maturity, default and judgment, with interest on overdue interest at the same rate) on each Interest Payment Date in accordance with Section 2.13 of the Indenture.
- (i) If the Series C Debentures are represented by a Global Debenture, the record date will be the close of business five Business Days preceding the relevant Interest Payment Date. If the Series C Debentures are not represented by a Global Debenture, the record date will be 10 Business Days prior to an Interest Payment Date.

2.5 REDEMPTION

The Series C Debentures are redeemable at the option of the Company at any time and from time to time pursuant to the provisions of Article 3 of the Indenture in whole or in part before the Maturity Date. The Redemption Price for the Series C Debentures shall equal 101% of the principal amount of those Series C Debentures which are redeemed, unless the Series C Debentures are redeemed after the first anniversary of their issuance, in which case the Series C Debentures will be redeemable at par value and, in each case, together with all accrued and unpaid interest up to but excluding the Redemption Date.

2.6 DENOMINATIONS

The Series C Debentures may be issued in any denomination.

2.7 FORM OF SERIES C DEBENTURES

- (a) The Series C Debentures and the certificate of the Trustee endorsed thereon shall be issued in substantially the form set out in Schedule A hereto, with such insertions, omissions, substitutions or other variations as shall be required or permitted by the Indenture and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of the Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Board of Directors executing such Series C Debenture in accordance with Section 2.7 of the Indenture, as conclusively evidenced by their execution of a Series C Debenture. Each Series C Debenture shall additionally bear such distinguishing letters and numbers as the Trustee shall approve. Notwithstanding the foregoing, a Series C Debenture may be in such other form or forms as may, from time to time, be, approved by a resolution of the Board of Directors, or as specified in an Officer's Certificate. The Series C Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.
- (b) The Series C Debentures shall be issued in the form of one or more Debenture Certificates and as Uncertificated Debentures. Notwithstanding the foregoing, Series C Debentures issued to U.S. Purchasers (other than Qualified Institutional Buyers that have delivered to the Company a Qualified Institutional Buyer Letter) shall be issued only as Debenture Certificates.

2.8 PARI PASSU RANKING

The Series C Debentures will rank pari passu in right of payment of principal and interest with all other Debentures issued pursuant to the Indenture.

2.9 CONVERSION OF SERIES C DEBENTURES

- (a) Upon and subject to the provisions and conditions of Article 7 of the Indenture, the holder of each Series C Debenture shall have the right at such holder's option, at any time prior to the earliest of: (i) the close of business on the Maturity Date; and (ii) the Business Day immediately preceding the date specified by the Company for redemption of all or a portion of the Series C Debentures upon a Change of Control, subject to the satisfaction of certain conditions, by notice to the holders of Series C Debentures in accordance with Section 2.6 of the Indenture (the earlier of which will be the "Time of Expiry" for the purposes of Article 7 of the Indenture in respect of the Series C Debentures), to convert any part of the principal amount of a Series C Debenture into Common Shares at the Conversion Price in effect on the Date of Conversion
- (b) The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of Series C Debentures shall be equal to \$0.35 such that approximately 2,857 Common Shares shall be issued for each \$1,000 principal amount of Series C Debentures so converted. Except as provided below, no adjustment in the number of Common Shares to be issued upon conversion will be made for dividends or distributions on Common Shares issuable upon conversion, the record date for the payment of which precedes the date upon which the holder becomes a holder of Common Shares in accordance with Article 7 of the Indenture, or for interest accrued on Series C Debentures surrendered. No fractional Common Shares will be issued, and the number of Common Shares so issuable will be rounded down to the nearest whole number on any conversion of the Series C Debentures. The Conversion Price applicable to, and the Common Shares, securities or other property receivable on the conversion of, the Series C Debentures is subject to adjustment pursuant to the provisions of Section 7.3 of the Indenture. Holders converting their Series C Debentures will receive, in addition to the applicable number of Common Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Series C Debentures surrendered for conversion up to and including the Date of Conversion from, and including, the most recent Interest Payment Date. The Conversion Price will not be adjusted for accrued interest.
- (c) Notwithstanding any other provisions of the Indenture, as supplemented by this Third Supplemental Indenture, if a Series C Debenture is surrendered for conversion on an Interest Payment Date or during the five Business Days preceding each Interest Payment Date, the Person or Persons entitled to receive Common Shares in respect of the Series C Debenture so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date and, for clarity, any interest payable on such Series C Debentures will be for the account of the holder of record of such Series C Debentures at the close of business on the relevant record date.
- (d) A Series C Debenture in respect of which a holder has accepted a notice in respect of a Change of Control Offer pursuant to the provisions of Section 2.6 of the Indenture may be surrendered for conversion only if such notice is withdrawn in accordance with the Indenture, as supplemented by this Third Supplemental Indenture,

2.10 PAYMENT ON MATURITY

Payment on maturity of Series C Debentures shall be provided for by the Company depositing with the Trustee or any paying agent to the order of the Trustee, on or before 11:00 a.m. (Toronto Time) on the Business Day immediately prior to the date upon which the Series C Debentures are converted or the Maturity Date, as applicable, such sums of money as may be sufficient to pay any principal amount of Series C Debentures and accrued and unpaid interest thereon up to but excluding the conversion date or Maturity Date, as applicable, in respect of which the Company has not exercised its right of conversion. The Company shall also deposit with the Trustee a sum of money satisfactory to the Trustee and sufficient to pay any charges or expenses which may be incurred by the Trustee in connection therewith. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid to the holders of such Series C Debentures, upon surrender of such Series C Debentures, the principal and interest to which they are respectively entitled on the conversion date or Maturity Date, as applicable.

ARTICLE 3 MISCELLANEOUS

3.1 ACCEPTANCE OF TRUST

The Trustee accepts the trusts in this Third Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this Third Supplemental Indenture and in accordance with the Indenture.

3.2 CONFIRMATION OF TRUST INDENTURE

The Indenture as amended and supplemented by this Third Supplemental Indenture is in all respects confirmed.

3.3 COUNTERPARTS

This Third Supplemental Indenture may be executed in several counterparts each of which so executed shall be deemed to be original and such counterparts together shall constitute one and the same instrument.

SIGNATURE PAGE IMMEDIATELY FOLLOWS

IN WITNESS WHEREOF the parties hereto have executed this Third Supplemental Indenture under the hands of their proper officers in that behalf.

ALEAFIA HEALTH INC.

DocuSigned by:
Per: Tricia Symmes
01B88568EC6C42B...
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
Per: Matthew Sale
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Name: Matthew Sale
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY OF CANADA
as Trustee**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

IN WITNESS WHEREOF the parties hereto have executed this Third Supplemental Indenture under the hands of their proper officers in that behalf.

ALEAFIA HEALTH INC.

Per: _____
Name: Patricia Ann Symmes-Rizakos
Title: Chief Executive Officer

Per: _____
Name: Matthew Sale
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY OF CANADA
as Trustee**

Per:  _____
Name: Jonathan Champoux Cadoche
Title: Corporate Trust Officer

Per:  _____
Name: Geneviève Leduc
Title: Corporate Trust Officer

**SCHEDULE A
FORM OF SERIES C DEBENTURE**

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 28, 2022.

(INSERT IF BEING ISSUED TO CDS) THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE AMENDED AND RESTATED TRUST INDENTURE DATED AS OF THE 27 DAY OF JUNE, 2022 BETWEEN ALEAFIA HEALTH INC. AND COMPUTERSHARE TRUST COMPANY OF CANADA, AS SUPPLEMENTED BY THE THIRD SUPPLEMENTAL INDENTURE DATED AS OF THE 27 DAY OF JUNE, 2022 (THE “**INDENTURE**”). EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“**CDS**”) TO ALEAFIA HEALTH INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.”

[U.S. LEGEND – TO BE INCLUDED ON ALL DEBENTURES ISSUED TO U.S. PURCHASERS EXCEPT QUALIFIED INSTITUTIONAL BUYERS WHO HAVE EXECUTED AND DELIVERED A QUALIFIED INSTITUTIONAL BUYER LETTER.]

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES DELIVERABLE UPON CONVERSION HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE *UNITED STATES SECURITIES ACT* OF 1933, AS AMENDED (THE “*U.S. SECURITIES ACT*”) OR U.S. STATE SECURITIES LAWS. BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, THE HOLDER AGREES FOR THE BENEFIT OF ALEAFIA HEALTH INC. (THE “COMPANY”) THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO COMPANY; OR (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATIONS UNDER THE *U.S. SECURITIES ACT*, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; OR (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE *U.S. SECURITIES ACT* PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS; OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE *U.S. SECURITIES ACT* OR ANY APPLICABLE STATE SECURITIES LAWS; OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE *U.S. SECURITIES ACT*, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

CUSIP 01444QAD6
ISIN CA01444QAD66

No. ●
\$●

ALEAFIA HEALTH INC.

(A company incorporated under the laws of Ontario)

8.50% SECURED CONVERTIBLE DEBENTURE, SERIES C

DUE JUNE 30, 2028

Aleafia Health Inc. (the “**Company**”) for value received hereby acknowledges itself indebted and, subject to the provisions of the Amended and Restated Debenture Indenture

(the “**Indenture**”) dated as of June 27, 2022 between the Company and Computershare Trust Company of Canada (the “**Trustee**”), as supplemented by the first supplemental indenture dated as June 27, 2022, promises to pay to the registered holder hereof on June 30, 2028 or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture (any such date, the “**Maturity Date**”) the principal amount hereof in lawful money of Canada on presentation and surrender of this Debenture at the main branch of the Trustee in Toronto, Ontario or Montréal, Québec in accordance with the terms of the Indenture and, subject as hereinafter provided and as provided in the Indenture, to pay interest on the principal amount hereof, or from the last interest payment date to which interest shall have been paid or made available for payment on the outstanding Debentures (as hereinafter defined), whichever is later, at the rate of 8.50% per annum, in like money, in arrears in equal semi-annual installments on June 30 and December 31 in each year commencing on December 31, 2022 and, should the Company at any time make default in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money.

This Debenture is one of the 8.50% interest bearing Secured Convertible Debentures, Series C (referred to herein as the “**Debentures**”) of the Company issued or issuable in one or more series under the provisions of the Indenture. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are or are to be issued and held and the rights and remedies of the holders of the Debentures and of the Company and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Debenture by acceptance hereof assents.

The Debentures are issuable in any denomination. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

On or after the date hereof, any part of the principal of this Debenture, provided that the principal amount of this Debenture is in a denomination in excess of \$1,000, is convertible, at the option of the holder hereof, upon surrender of this Debenture at the principal office of the Trustee in Montréal, Québec, at any time prior to 5:00 p.m. (Toronto Time) on the Business Day preceding the Maturity Date or, if called for repurchase pursuant to a Change of Control (as defined in the Indenture) on the Business Day immediately prior to the payment date, into common shares of the Company (the “**Common Shares**”) (without adjustment for interest accrued hereon or for dividends or distributions on Common Shares issuable upon conversion) at a conversion price of \$0.35 (the “**Conversion Price**”) per Common Share, being a rate of approximately 2,857 Common Shares for each \$1,000 principal amount of Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. No Debentures may be converted during the five Business Days preceding each of June 30 and December 31 in each year, commencing December 31, 2022, as the registers of the Trustee will be closed during such periods. The Indenture makes

provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion of the Debentures. Holders converting their Debentures will receive accrued and unpaid interest thereon. If a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Common Shares in respect of the Debentures so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date and, for clarity, any interest payable on such Debentures will be for the account of the holder of record of such Debentures at the close of business on the relevant record date.

In the event Debentures are converted prior to October 28, 2022, the Common Shares issued upon such conversion shall bear the following legend:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 28, 2022.”

This Debenture may be redeemed at the option of the Company on the terms and conditions set out in the Indenture. On and after the date hereof and prior to the Maturity Date, the Debentures may be redeemed in whole or in part at the option of the Company at the applicable redemption amount plus accrued and unpaid interest.

Not less than 30 calendar days prior to the consummation of: (i) any event as a result of or following which any person, or group of persons “acting jointly or in concert” within the meaning of applicable Canadian securities laws, beneficially owns or exercises control or direction over an aggregate of more than 50% of the then outstanding Common Shares; or (ii) the sale or other disposition of all or substantially all of the consolidated assets of the Company (each, a “**Change of Control**”), the Company shall notify the holders of the Debentures of the Change of Control, and each holder of the Debentures shall, in its sole discretion, have the right to require the Company to repurchase its Debentures in accordance with the provisions of Section 2.6 of the Indenture.

This Debenture and the Common Shares issuable upon conversion hereof have not been and will not be registered under the *United States Securities Act* of 1933, as amended (the “*U.S. Securities Act*”), or the securities laws of any state of the United States. This Debenture may not be converted by or for the account or benefit of a U.S. Person or a person in the United States absent an exemption from the registration requirements of the *U.S. Securities Act* and applicable state securities laws. In addition, this Debenture and the underlying Common Shares may only be offered and sold to a U.S. Person or a person in the United States pursuant to an exemption from the registration requirements of the *U.S. Securities Act* and applicable state securities laws. “**U.S. Person**” and “**United States**” are as defined in Regulation S under the *U.S. Securities Act*.

The Indenture contains provisions binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares and officers, directors and employees of the Company in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Toronto, Ontario or Montréal, Québec and in such other place or places and/or by such other registrars (if any) as the Company with the approval of the Trustee may designate. No transfer of this Debenture shall be valid unless made on the register by the registered holder hereof or its executors or administrators or other legal representatives, or its or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe and upon surrender of this Debenture for cancellation. Thereupon a new Debenture or Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture. In the event of any inconsistency between the terms of this Debenture and the Indenture, the terms of the Indenture shall govern.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF Aleafia Health Inc. has caused this Debenture to be signed by its authorized representatives as of _____, 2022.

ALEAFIA HEALTH INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

TRUSTEE'S CERTIFICATE

This Debenture is one of the 8.50% Series C Secured Convertible Debentures due June 30, 2028 referred to in the Indenture herein mentioned.

Dated:

**COMPUTERSHARE TRUST COMPANY
OF CANADA**

By: _____
Name:
Title:

REGISTRATION PANEL

(No writing hereon except by Trustee or other registrar)

Date of Registration	In Whose Name Registered	Signature of Trustee or Registrar

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto , whose address and social insurance number, if applicable, are set forth below, this Debenture (or \$ principal amount hereof*) of **ALEAFIA HEALTH INC.** standing in the name(s) of the undersigned in the register maintained by the Company with respect to such Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Debenture in such register, with full power of substitution in the premises.

Dated:

Address of Transferee:

(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable:

*If less than the full principal amount of the within Debenture is to be transferred, indicate in the space provided the principal amount to be transferred.

Check if the undersigned Transferor is a U.S. Purchaser that acquired Debentures as “restricted securities” and which are represented by one or more Debenture Certificate endorsed with a U.S. Legend. IF THIS BOX IS CHECKED, THE TRANSFEROR MUST COMPLETE AND DELIVER A CERTIFICATE OF TRANSFER SUBSTANTIALLY AS SET FORTH IN 0 TO THE INDENTURE.

REASON FOR TRANSFER – For US Residents only (where the individual(s) or corporation receiving the securities is a US resident). Please select only one (see instructions below).

Gift

Estate

Private Sale

Other (or no change in ownership)

Date of Event (Date of gift, death or sale): **Value per Debenture** on the date of event:

--

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized

officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a "SIGNATURE & AUTHORITY TO SIGN GUARANTEE" Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

The registered holder of this Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

Authorized Officer

Signature of transferring registered holder

Name of Institution

SCHEDULE B
FORM OF NOTICE OF CONVERSION

To: **ALEAFIA HEALTH INC.**

(CUSIP 01444QAD6 / ISIN CA01444QAD66)

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 8.50% Series C Secured Convertible Debentures irrevocably elects to convert such Debentures (or \$● principal amount thereof *) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures and directs that the Common Shares of Aleafia Health Inc. issuable upon a conversion be issued and delivered to the person indicated below. (If Common Shares are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned and a Residency Declaration Form must be completed and delivered in respect of such other person).

If the Debentures are being converted by, or for the account or benefit of a U.S. person or a person in the United States, the undersigned represents, warrants and certifies as follows (one only) of the following must be checked):

A. The undersigned has not been solicited to convert the Debentures by any person, or if the undersigned has been solicited to convert the Debentures, the undersigned has confirmed that no commission or remuneration has been or will be paid or given, directly or indirectly, for soliciting such conversion, and the undersigned acknowledges that the Company is relying on the registration exemption provided by section 3(a)(9) of the *United States Securities Act* of 1933, as amended (the "***U.S. Securities Act***"), to issue the Common Shares; OR

B. The undersigned has delivered to the Company and the Trustee an opinion of counsel reasonably satisfactory to the Company to the effect that an exemption from the registration requirements of the *U.S. Securities Act* and applicable state securities laws is available. (Note: If this box is to be checked, holders are encouraged to consult with the Company in advance to determine that the legal opinion tendered in connection with conversion will be satisfactory in form and substance to the Company.)

If the undersigned has checked Box A or B, and the undersigned has determined with the benefit of legal advice that the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the undersigned in order to maintain compliance with the *U.S. Securities*

***Act*, the undersigned has caused to be delivered to the Company and the Trustee, at the request of the Company or the Trustee, an opinion of counsel of recognised standing, in form and substance reasonably satisfactory to the Company, to the foregoing effect.**

Dated: _____
_____ (Signature of Registered Holder)

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount.

NOTE: If Common Shares are to be issued in the name of a person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: **“SIGNATURE GUARANTEED”**.

(Print name in which Common Shares are to be issued, delivered and registered)

Name: _____

Address: _____

(City, Province and Postal Code)

Name of guarantor: _____

Authorized signature: _____

**SCHEDULE C
COMMON SHARE LEGEND**

(TO BE INCLUDED IF ISSUED TO U.S. PURCHASERS) THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE *UNITED STATES SECURITIES ACT* OF 1933, AS AMENDED (THE “*U.S. SECURITIES ACT*”) OR U.S. STATE SECURITIES LAWS. BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, THE HOLDER AGREES FOR THE BENEFIT OF ALEAFIA HEALTH INC. (THE “COMPANY”) THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO COMPANY; OR (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE *U.S. SECURITIES ACT*, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; OR (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE *U.S. SECURITIES ACT* PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS; OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE *U.S. SECURITIES ACT* OR ANY APPLICABLE STATE SECURITIES LAWS; OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE *U.S. SECURITIES ACT*, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “**GOOD DELIVERY**” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

SCHEDULE D
FORM OF CERTIFICATE OF TRANSFER

Aleafia Health Inc.
85 Basaltic Road
Concord, Ontario L4K 1G4
Attention: Chief Executive Officer

Computershare Trust Company of Canada
100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1

Re: Transfer of Debentures

Reference is hereby made to the Amended and Restated Indenture, dated as of June 27, 2022 (the “**Indenture**”), between Aleafia Health Inc., as issuer (the “**Company**”), and Computershare Trust Company of Canada, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the “**Transferor**”) owns and proposes to transfer the Debentures or interests in such Debentures specified in Annex A hereto, in the principal amount of \$ _____ (the “**Transfer**”), to _____ (the “**Transferee**”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that

[CHECK ALL THAT APPLY]

Check if Transferee will take delivery of an interest in an Unrestricted Uncertificated Debenture or an Unrestricted Physical Debenture pursuant to Regulation S. The Transfer is being effected pursuant to and in accordance with Rule 904 of Regulation S under the *Securities Act* and, accordingly, the Transferor hereby further certifies that (i) the Transferor is not an “affiliate” of the Company as that term is defined in Rule 405 under the *Securities Act*, (ii) the offer was not made, and the Transfer is not being made, to a U.S. Person or a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States and not a U.S. Person or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States and not a U.S. Person or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States or to or for the account or benefit of a person in the United States or a U.S. Person, (iii) neither the Transferor nor any affiliate of the Transferor nor any Person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the Transfer, (iv) the Transfer is bona fide and not for the purpose of “washing off” the resale restrictions imposed because the

securities are “restricted securities” (as that term is defined in Rule 144(a)(3) under the *Securities Act*), (v) the Transferor does not intend to replace such securities with fungible unrestricted securities and (vi) the transaction is not part of a plan or scheme to evade the registration requirements of the *Securities Act*. Terms used in this section have the meaning given to them by Regulation S under the *Securities Act*.

Check and complete if Transferee will take delivery of an interest in an Unrestricted Uncertificated Debenture or an Unrestricted Physical Debenture pursuant to any provision of the *Securities Act* other than Regulation S.

Check if Transfer is pursuant to Rule 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the *Securities Act* (“**Rule 144**”) and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States, and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Transferor in order to maintain compliance with the *Securities Act*.

Check if Transfer is Pursuant to Other Exemption. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the *Securities Act* other than Rule 144A, Regulation S and Rule 144, and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States, and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Transferor in order to maintain compliance with the *Securities Act*.

In connection with requests for transfers pursuant to item 3(a) or item 3(b), the Transferor must deliver to the Company and the Trustee an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Trustee and the Company, to the effect that the legend is no longer required under applicable requirements of the *Securities Act* or state securities laws.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name: ●

Title: ●

Dated: _____

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:
[CHECK ONE OF (a) OR (b) OR (c) OR (d)]

a Restricted Uncertificated Debenture CUSIP

an Unrestricted Uncertificated Debenture CUSIP

a Restricted Physical Debenture

an Unrestricted Physical Debenture

after the Transfer the Transferee will hold:

[CHECK ONE OF (e) OR (f) OR (g) OR (h)]

a Restricted Uncertificated Debenture CUSIP

an Unrestricted Uncertificated Debenture CUSIP

a Restricted Physical Debenture

an Unrestricted Physical Debenture

in accordance with the terms of the Indenture.

SCHEDULE E
FORM OF CERTIFICATE OF EXCHANGE

Aleafia Health Inc.
85 Basaltic Road
Concord, Ontario L4K 1G4
Attention: Chief Executive Officer

Computershare Trust Company of Canada
100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1

(CUSIP 01444QAD6 / ISIN CA01444QAD66)

Reference is hereby made to the Amended and Restated Indenture, dated as of June 27, 2022 (the “**Indenture**”), between Aleafia Health Inc., as issuer (the “**Company**”), and Computershare Trust Company of Canada, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the “**Owner**”) owns and proposes to exchange the Debentures or interests in such Debentures specified herein, in the principal amount of \$ _____ (the “**Exchange**”). In connection with the Exchange, the Owner hereby certifies that:

Exchange of Restricted Physical Debentures or Restricted Uncertificated Debenture for Unrestricted Physical Debentures or Unrestricted Uncertificated Debenture

Check if Exchange is a Restricted Uncertificated Debenture to an Unrestricted Uncertificated Debenture. In connection with the Exchange of the Restricted Uncertificated Debenture for an Unrestricted Uncertificated Debenture in an equal principal amount, the Owner hereby certifies (i) the interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Uncertificated Debentures and pursuant to and in accordance with the United States *Securities Act* of 1933, as amended (the “*Securities Act*”), (iii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Owner in order to maintain compliance with the *Securities Act* and (iv) the interest in an Unrestricted Uncertificated Debenture is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

Check if Exchange is from Restricted Physical Debenture to Unrestricted Physical Debenture. In connection with the Owner’s Exchange of a Restricted Physical Debenture for an Unrestricted Physical Debenture, the Owner hereby certifies (i) the Unrestricted Physical Debenture is being acquired for the Owner’s own account without transfer, such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Physical Debentures and pursuant to and in accordance with the *Securities Act*, the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the Physical Debenture of the Owner in order to maintain compliance with the *Securities Act* and (iv) the Unrestricted Physical Debenture is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

In connection with requests for Exchanges pursuant to item 1(a) or 1(b), the Owner must deliver to the Company and the Trustee an opinion of counsel of recognized standing in form and substance satisfactory to the Trustee and reasonably satisfactory to the Company, to the effect that the legend is no longer required under applicable requirements of the *Securities Act* or state securities laws.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name: ●

Title: ●

Dated: _____

49033070.3

This is Exhibit “QQ” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits

Aleafia Health Announces Closing of Debenture Amendment Transaction

TORONTO, June 28, 2022 -- Aleafia Health Inc. (TSX: AH, OTCQX: ALEAF) (“**Aleafia Health**” or the “**Company**”) is pleased to announce that it has closed its previously announced amendment of its unsecured convertible debentures (the “**Debenture Amendments**”).

“We are delighted we have now completed this transaction,” said Tricia Symmes Aleafia Health’s CEO. “We want to thank all those who participated for demonstrating their confidence in the Company’s future. Coupled with the closing of the \$5.6 million private placement announced last week, the Company is now much better positioned to execute on its ambitious growth plans in all key segments of its business: adult-use, medical and international.”

“The two transactions are transformative for Aleafia Health’s balance sheet,” said Matt Sale, Aleafia Health’s CFO. “They increase our liquidity by up to \$11.6 million which will be used to fund working capital, capex and other growth initiatives; improve our cash flow dynamic with no mandatory cash interest payment for between 24 and 30 months; balance our refinancing profile due to the staggering of the New Debentures’ maturities over a span of 6 years; and increase our financial flexibility to pursue organic growth initiatives and strategic, accretive acquisitions. I particularly want to thank members of the Steering Committee and their advisors for their hard work and perseverance in coming to this mutually beneficial outcome.”

The Debenture Amendments were effected by the exchange of the outstanding \$37,049,000 principal amount of unsecured convertible debentures for new, secured convertible debentures, which were issued to existing debentureholders in three equal, separate series (each, a “**Series**”): (a) 8.50% Series A Secured Debentures Due June 30, 2024 (the “**Series A Debentures**”), (b) 8.50% Series B Secured Debentures Due June 30, 2026 (the “**Series B Debentures**”), and (c) 8.50% Series C Secured Convertible Debentures Due June 30, 2028 (the “**Series C Debentures**” and, collectively with the Series A Debentures and the Series B Debentures, the “**New Debentures**”).

As previously disclosed, the interest rate will remain at 8.5%, but there is no mandatory cash interest payment for between 24 and 30 months as interest will initially be paid-in-kind with additional New Debentures (the “**PIK Interest**”) reducing near-term debt servicing requirements.

In addition, an aggregate of approximately \$2.4 million principal amount of Series C Debentures were issued in payment of the consent fee (the “**Consent Fee**”) payable to debentureholders who consented in favour of the extraordinary resolution approving the Debenture Amendments, which Consent Fee is subject to withholding for non-residents of Canada.

Following the closing of the Debenture Amendments, the following New Debentures are issued and outstanding on the following terms:

New Debenture	Initial Principal Amount	Maturity Date	Conversion Price
Series A Debentures	\$12,349,666	June 30, 2024	\$0.25
Series B Debentures	\$12,349,666	June 30, 2026	\$0.30
Series C Debentures	\$14,736,279	June 30, 2028	\$0.35

* Inclusive of Consent Fee.

The New Debentures were issued on a private placement basis and are subject to a statutory hold period of four months and one day commencing on the date of issuance of the New Debentures in accordance with applicable Canadian securities laws. The New Debentures will bear a legend reflecting the foregoing restriction on resale. The Company has applied to list each Series of the New Debentures on the Toronto Stock Exchange (“**TSX**”), and such listing is expected to occur following the expiration of the statutory hold period, subject to the satisfaction by the Company of customary listing conditions.

The New Debentures are secured against certain assets of the Company, but are fully subordinated to the Company’s existing senior secured debt. The Company is not entitled to incur further senior secured indebtedness, subject to certain exceptions including to fund working capital, capital expenditures, and strategically accretive acquisitions.

The New Debentures are governed by the terms of an amended and restated debenture indenture dated June 27, 2022 between the Company and Computershare Trust Company of Canada, as debenture trustee (the “**Amended and Restated Indenture**”), as supplemented by the first supplemental indenture dated June 27, 2022 governing the terms of the Series A Debentures (the “**Series A Supplemental Indenture**”), a second supplemental indenture dated June 27, 2022 governing the terms of the Series B Debentures (the “**Series B Supplemental Indenture**”) and a third supplemental indenture dated June 27, 2022 governing the terms of the Series C Debentures (the “**Series C Supplemental Indenture**” and, collectively with the Series A Supplemental Indenture and the Series B Supplemental Indenture, the “**Supplemental Indentures**”). Copies of the Amended and Restated Indenture and Supplemental Indentures will be made available in due course under the Company’s profile on SEDAR at www.sedar.com.

For Investor & Media Relations:

Matthew Sale, CFO
1-833-879-2533
IR@AleafiaHealth.com
LEARN MORE: www.AleafiaHealth.com

About Aleafia Health:

Aleafia Health, a vertically integrated and federally licensed Canadian cannabis company, owns three licensed cannabis production facilities, including the first large-scale, legal outdoor cultivation facility in Canadian history, and operates a strategically located distribution centre, all in the province of Ontario. The Company produces a diverse portfolio of cannabis derivative products including oils, capsules, edibles, sublingual strips, and vapes, for sale in Canada in the adult-use and medical markets and is pursuing opportunities in select international jurisdictions. The Company owns and operates a virtual network of medical cannabis clinics staffed by physicians and nurse practitioners.

Forward Looking Information

This news release contains forward-looking information within the meaning of applicable Canadian and United States securities laws. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “estimates”, “intends”, “anticipates”, or “believes” or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this news release. Risks, uncertainties, and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information, including risks contained in the Company’s annual information form filed with Canadian securities regulators available on the Company’s SEDAR profile at www.sedar.com. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. The forward-looking information included in this news release are made as of the date of this news release and the Company does not undertake any obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

This is Exhibit "RR" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

GUARANTEE AND POSTPONEMENT

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Ave, 8th Floor
Toronto, ON M5J 2Y1

Attention: General Manager, Corporate Trust Services
Email: NoticesCTmontreal@computershare.com

DATE: June 27, 2022

RECITALS:

A. **Aleafia Health Inc.** (the "**Debtor**") and **Computershare Trust Company of Canada**, in its capacity as trustee (the "**Trustee**"), and on behalf of the Debentureholders (collectively, the "**Creditors**") are parties to an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**").

B. As a condition precedent to the issuance of the Debentures under the A&R Debenture Indenture, Canabo Medical Corporation (the "**Guarantor**") is required to execute and deliver this Guarantee.

For valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by the Guarantor, the Guarantor hereby agrees in favour of the Creditors as follows:

1. **GUARANTEE**. The Guarantor hereby unconditionally and irrevocably guarantees, jointly and severally, as a primary obligor and not merely as a surety, the prompt payment and performance to the Trustee on behalf of the Creditors, forthwith upon demand by the Trustee on behalf of the Creditors, of all present and future indebtedness, liabilities and obligations of any kind whatsoever (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Debtors to the Creditors under, in connection with or with respect to the A&R Debenture Indenture and the other Security Documents (as defined in the A&R Debenture Indenture) (collectively, the "**Obligations**"). All amounts payable by the Guarantor hereunder will be paid to the Trustee on behalf of the Creditors at the address of the Trustee shown above or as otherwise directed in writing by the Trustee. Any amounts payable by the Guarantor under this Guarantee which are not paid forthwith upon demand therefor by the Trustee on behalf of the Creditors will bear interest from the date of such demand at the rate or rates applicable to the corresponding Obligations.

2. **GUARANTEE UNCONDITIONAL**. The obligations of the Guarantor under this Guarantee are continuing, unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged, diminished, limited or otherwise affected by (and the Guarantor hereby waives, to the fullest extent permitted by applicable law): (a) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any Obligation, security, person or otherwise; (b) any modification or amendment of or

supplement to the Obligations, including any increase or decrease in the principal, the rates of interest or other amounts payable thereunder; (c) any release, non-perfection or invalidity of any direct or indirect security for any Obligation; (d) any change in the existence, structure, constitution, name, objects, powers, business, control or ownership of any Debtor or any other person, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Debtor or any other person or its assets; (e) the existence of any claim, set-off or other rights which the Guarantor may have at any time against any Debtor, the Creditors, or any other person, whether in connection herewith or any unrelated transactions; (f) any invalidity, illegality or unenforceability relating to or against any Debtor or any provision of applicable law or regulation purporting to prohibit the payment by the Debtors of the principal or interest under the Obligations; (g) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Trustee on behalf of the Creditors to payment of the Obligations; (h) any release, substitution or addition of any cosigner, endorser or other guarantor of the Obligations; (i) any defence arising by reason of any failure of the Trustee on behalf of the Creditors to make any presentment, demand for performance, notice of non-performance, protest, and any other notice, including notice of all of the following: acceptance of this Guarantee, partial payment or non-payment of all or any part of the Obligations and the existence, creation, or incurring of new or additional Obligations; (j) any defence arising by reason of any failure of the Trustee on behalf of the Creditors to proceed against any Debtor or any other person, to proceed against, apply or exhaust any security held from any Debtor or any other person for the Obligations, to proceed against, apply or exhaust any security held from the Guarantor or any other person for this Guarantee or to pursue any other remedy in the power of the Trustee on behalf of the Creditors whatsoever; (k) any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation; (l) any defence arising by reason of any incapacity, lack of authority, or other defence of any Debtor or any other person, or by reason of any limitation, postponement, prohibition on the Trustee's right on behalf of the Creditors to payment of the Obligations or any part thereof, or by reason of the cessation from any cause whatsoever of the liability of any Debtor or any other person with respect to all or any part of the Obligations, or by reason of any act or omission of the Trustee or others which directly or indirectly results in the discharge or release of any Debtor or any other person or all or any part of the Obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise; (m) any defence arising by reason of any failure by the Trustee on behalf of the Creditors to obtain, perfect or maintain a perfected or prior (or any) security interest in or lien or encumbrance upon any property of any Debtor or any other person, or by reason of any interest of the Trustee on behalf of the Creditors in any property, whether as owner thereof or the holder of a security interest therein or lien or encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by the Trustee on behalf of the Creditors of any right to recourse or collateral; (n) any defence arising by reason of the failure of the Trustee on behalf of the Creditors to marshal any assets; (o) any defence based upon any failure of the Trustee on behalf of the Creditors to give to the Debtors or the Guarantor notice of any sale or other disposition of any property securing any or all of the Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Trustee on behalf of the Creditors to comply with any provision of applicable law in enforcing any security interest in or lien upon any such property, including any failure by the Trustee on behalf of the Creditors to

dispose of any such property in a commercially reasonable manner; (p) any dealing whatsoever with any Debtor or other person or any security, whether negligently or not, or any failure to do so; (q) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Debtor or any other person, including any discharge of, or bar against collecting, any of the Obligations, in or as a result of any such proceeding; or (r) any other act or omission to act or delay of any kind by any Debtor, the Creditors, or any other person or any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might, but for the provisions of this Section 2, constitute a legal or equitable discharge, limitation or reduction of the Guarantor's obligations hereunder (other than the payment or extinguishment in full of all of the Obligations). The foregoing provisions apply (and the foregoing waivers will be effective) even if the effect of any action (or failure to take action) by the Trustee on behalf of the Creditors is to destroy or diminish the Guarantor's subrogation rights, the Guarantor's right to proceed against the Debtors for reimbursement, the Guarantor's right to recover contribution from any other guarantor or any other right or remedy.

3. **RELIANCE ON AGENTS.** The Trustee on behalf of the Creditors is entitled to assume, notwithstanding any investigation by or on behalf of the Creditors, the power of the Debtors and the Guarantor and the authority of the officers, directors or agents acting or purporting to act on behalf of the Debtors or the Guarantor, and any Obligations made or created in reliance upon the exercise of such power or authority will be guaranteed hereunder.

4. **RECOURSE AGAINST DEBTOR.** The Trustee on behalf of the Creditors is not required to exhaust its recourse against the Debtors or others or under any other security or guarantee before being entitled to payment from the Guarantor under this Guarantee.

5. **SETTLEMENT OF ACCOUNTS.** Any account settled or stated between the Trustee on behalf of the Creditors and the Debtors will be accepted by the Guarantor as *prima facie* evidence that the amount thereby appearing due by the Debtors to the Creditors is so due.

6. **NO WAIVER.** No delay on the part of the Trustee on behalf of the Creditors in exercising any of its options, powers or rights, or partial or single exercise thereof, will constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, will be deemed to be made by the Trustee on behalf of the Creditors unless the same will be in writing, duly signed on behalf of the Trustee on behalf of the Creditors, and each such waiver, if any, will apply only with respect to the specific instance involved, and will in no way impair the rights of the Creditors or the liabilities of the Guarantor to the Creditors in any other respect at any other time.

7. **GUARANTEE OF ALL MONEYS BORROWED.** All moneys and credits in fact borrowed or obtained by the Debtors from the Creditors, will be deemed to form part of the Obligations notwithstanding any incapacity, disability or lack or limitation of status or power of any Debtor or of the directors, officers, employees, partners or agents thereof, or that any Debtor may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of such moneys or credits. Any amount which may not be recoverable from the Guarantor by the Trustee on behalf of the Creditors on the basis of a guarantee will be recoverable by the Trustee

on behalf of the Creditors from the Guarantor as principal debtor in respect thereof and will be paid to the Trustee on behalf of the Creditors forthwith after demand therefor as herein provided.

8. STAY OF ACCELERATION. If acceleration of the time for payment of any amount payable by the Debtors in respect of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of any Debtor or any moratorium affecting the payment of the Obligations, all such amounts otherwise subject to acceleration will nonetheless be payable by the Guarantor hereunder forthwith on demand by the Trustee on behalf of the Creditors.

9. REINSTATEMENT. If, at any time, all or any part of any payment previously applied by the Trustee on behalf of the Creditors to any Obligation is or must be rescinded or returned by the Trustee on behalf of the Creditors for any reason whatsoever (including, without limitation, the insolvency, bankruptcy, or reorganization of the Debtors), such Obligation will, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Trustee, and this Guarantee will continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Trustee on behalf of the Creditors had not been made.

10. NO SUBROGATION. Notwithstanding any payment made by the Guarantor under this Guarantee or any setoff or application of funds of the Guarantor by the Trustee, the Guarantor will have no right of subrogation to, and waives, to the fullest extent permitted by law, any right to enforce any remedy which the Trustee on behalf of the Creditors now has or may hereafter have against the Debtors, until all of the Obligations have been indefeasibly paid in full; and until that time, the Guarantor waives any benefit of, and any right to participate in, any security, whether real or personal property, now or hereafter held by the Trustee on behalf of the Creditors for the Obligations.

11. ASSIGNMENT AND POSTPONEMENT. All present and future indebtedness and liability of the Debtors to the Guarantor is hereby assigned by the Guarantor to the Trustee and postponed to the Obligations and all moneys received by the Guarantor in respect thereof will be received in trust for and, unless prior written authorization from the Trustee to the contrary will have been obtained by the Guarantor, will be paid over to the Trustee on behalf of the Creditors upon demand by the Trustee. If the Trustee on behalf of the Creditors receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, the Guarantor will not be entitled to claim repayment against any Debtor until the Trustee's claims against the Debtors have been paid in full. In case of liquidation, winding up or bankruptcy of any Debtor (whether voluntary or involuntary) or if any Debtor will make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Trustee on behalf of the Creditors will have the right to rank for its full claims and receive all dividends or other payments in respect thereof in priority to the Guarantor until the claims of the Trustee on behalf of the Creditors have been paid in full, and the Guarantor will continue liable hereunder for any balance which may be owing to the Trustee by the Debtors. In the event of the valuation by the Trustee of any of its security and/or the retention thereof by the Trustee, such valuation and/or retention will not, as between the Trustee and the Guarantor, be considered as a purchase of such security, or as payment or satisfaction or reduction of the Obligations or any part thereof. The foregoing provisions of this Section 11 will not in any way limit or lessen the liability of the Guarantor under any other Section of this Guarantee.

12. FOREIGN CURRENCY OBLIGATIONS. The Guarantor will make payment relative to each Obligation in the currency (the "**Original Currency**") in which the Debtors are required to pay such Obligation. If the Guarantor makes payment relative to any Obligation to the Trustee on behalf of the Creditors in a currency other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment will constitute a discharge of the liability of the Guarantor hereunder in respect of such Obligation only to the extent of the amount of the Original Currency which the Trustee on behalf of the Creditors is able to purchase at Toronto, Ontario with the amount it receives on the date of receipt. If the amount of the Original Currency which the Trustee on behalf of the Creditors is able to purchase is less than the amount of such currency originally due to it in respect to the relevant Obligation, the Guarantor will indemnify and save the Trustee on behalf of the Creditors harmless from and against any loss or damage arising as a result of such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained in this Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee on behalf of the Creditors and will continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.

13. TAXES AND SET-OFF BY GUARANTOR. All payments to be made by the Guarantor hereunder will be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor with respect to such payment will be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Trustee on behalf of the Creditors receives a net sum equal to the sum which it would have received had no deduction or withholding been required.

14. PAYMENT OF EXPENSES; INDEMNIFICATION. The Guarantor will pay on demand, and will indemnify and save the Trustee on behalf of the Creditors harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (a) incurred by the Trustee on behalf of the Creditors in the preparation, registration, administration or enforcement of this Guarantee, (b) with respect to, or resulting from, any failure or delay by the Guarantor in performing or observing any of its obligations under this Guarantee, or (c) incurred by the Trustee on behalf of the Creditors in performing or observing any of the other covenants of the Guarantor under this Guarantee.

15. ADDITIONAL SECURITY. This Guarantee is in addition and without prejudice to any security of any kind (including other guarantees) now or hereafter held by the Trustee on behalf of the Creditors and any other rights or remedies that the Trustee on behalf of the Creditors might have.

16. SET-OFF BY TRUSTEE. The Trustee on behalf of the Creditors may, to the fullest extent permitted by law, set-off and apply any and all deposits at any time held by the Trustee on behalf of the Creditors and any other indebtedness at any time owing by the Trustee on behalf of the Creditors to or for the credit or for the account of the Guarantor against any and all of the Obligations of the Guarantor now or hereafter existing under this Guarantee even if (a) the Trustee

on behalf of the Creditors has not made any demand hereunder, (b) Obligations are contingent or unmatured, or (c) the Obligations are not in the same currency as the offsetting deposits or indebtedness which may be owing by the Trustee on behalf of the Creditors.

17. **[RESERVED]**.

18. **RELEASE OF INFORMATION**. The Guarantor authorizes the Trustee on behalf of the Creditors to provide a copy of this Guarantee and such other information as may be requested of the Creditors by persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtors.

19. **APPLICABLE LAW AND ATTORNMENT**. This Guarantee shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, with respect to any suit, action or proceedings relating to this Guarantee, the Guarantor, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

20. **SUCCESSORS AND ASSIGNS**. This Guarantee will extend and enure to the benefit of the Trustee on behalf of the Creditors and its successors and assigns and will be binding upon the Guarantor and its successors. The Guarantor's obligations hereunder will not be assigned or delegated. The Trustee on behalf of the Creditors may from time to time, and without notice to or the consent of the Guarantor, assign or transfer all or any of the Obligations or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such Obligation or part thereof so transferred or assigned will remain an "Obligation" for the purposes of this Guarantee and any immediate and successive assignee or transferee of any Obligation or any interest therein will, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce, this Guarantee to the same extent as if such person were the Creditor.

21. **TIME**. Time is of the essence with respect to this Guarantee and the time for performance of the obligations of the Guarantor under this Guarantee may be strictly enforced by the Trustee on behalf of the Creditors.

22. **SEVERABILITY**. If any provision of this Guarantee is determined to be illegal, unconscionable or unenforceable, all other terms and provisions hereof will nevertheless remain effective and will be enforced to the fullest extent permitted by law.

23. **COMMUNICATION**. Any notice or other communication required or permitted to be given under this Guarantee shall be made in accordance with the terms of the A&R Debenture Indenture.

24. **REPRESENTATIONS AND WARRANTIES**. The Guarantor represents and warrants to the Creditors, upon each of which representations and warranties the Creditors specifically relies, as follows:

(1) **Litigation**. There is no litigation or governmental proceeding pending or, to its knowledge, threatened against the Guarantor which, if adversely determined, would materially adversely affect the financial condition of the Guarantor.

(2) Burdensome Provisions, etc. The Guarantor is not a party to any agreement or instrument, or subject to any corporate restriction or any judgment, order, writ, injunction, decree, award, rule or regulation, which materially adversely affects or, to its knowledge, in the future is likely to materially and adversely affect, its ability to issue the Guarantee or to perform its obligations under this Guarantee.

(3) Contingent Liabilities and Debt. The Guarantor has no contingent liabilities which are not disclosed on or referred to in the financial statements most recently delivered to the Trustee on behalf of the Creditors which would have a material adverse effect on its business or prospects.

(4) Full Disclosure. Neither the financial statements most recently delivered to the Trustee on behalf of the Creditors nor any other written statement furnished by or on behalf of and at the direction of the Guarantor to the Trustee on behalf of the Creditors in connection with the negotiation or consummation of the transactions as contemplated hereby contain, as of the time such statements were so furnished, any untrue statement of a material fact or omitted as of such time, a material fact necessary to make the statements contained therein not misleading, and all such statements, taken as a whole, together with this Guarantee, do not contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained herein or therein not misleading.

(5) Material Adverse Change. Since the date of the most recent financial statements delivered to the Trustee on behalf of the Creditors and except as otherwise disclosed to the Trustee on behalf of the Creditors in writing (i) there has been no material adverse change in the financial condition of the Guarantor as shown on its balance sheet as at that date; and (ii) the business, operations, properties, condition, financial or otherwise, or prospects of the Guarantor have not, so far as the Guarantor can reasonably foresee, been materially and adversely affected as a result of any act or event including, without limitation, fire, accident, strike, expropriation or act of any government in Canada or elsewhere.

(6) Consents. No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action, in respect of, any Person, governmental authority or agency is required on the part of the Guarantor in connection with the execution and delivery and enforcement of this Guarantee.

(7) Due Execution, etc. This Guarantee has been duly executed and delivered by or on behalf of the Guarantor and constitutes a valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as enforceability may be limited by any bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(8) No Default, etc. Neither the execution nor the delivery of this Guarantee, the consummation of the transactions herein contemplated, nor compliance with the terms, conditions and provisions hereof conflicts with or will conflict with, or results or will result in, any breach of, or constitutes a default under any of the provisions of any agreement or instrument to which the Guarantor is a party or by which the Guarantor, or any of its property or assets are bound or (except as contemplated by this Guarantee) results or will result in the creation or imposition of any

encumbrance upon any of the properties or assets of the Guarantor or results or will result in the contravention of any law or rule or regulation to which the Guarantor or its property or assets are subject and as a consequence of which the ability of the Guarantor to perform its obligations under this Guarantee is or would likely be adversely affected.

(9) Tax Returns. The Guarantor has filed all tax returns which are required to be filed and has paid all taxes which have become due as shown on such returns or any assessments received by the Guarantor where failure to do so would have a material adverse effect on the business, operations or financial condition of the Guarantor or its ability to perform its obligations under this Guarantee, except such taxes (if any) as are being contested in good faith by appropriate proceedings and for which a reserve reasonably satisfactory to the Trustee on behalf of the Creditors is provided; and the Guarantor is not aware of any proposed additional tax assessment against it.

25. TRUSTEE. Subject to any rights or remedies available to the Trustee and the Debentureholders under applicable law or otherwise, no holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing this Guarantee, unless: (a) such holder shall previously have given to the Trustee a written notice of the happening of an Event of Default (as defined in the A&R Debenture Indenture) hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

26. DEBTOR'S FINANCIAL CONDITION. The Guarantor is fully aware of the financial condition of the Debtors.

27. INTERPRETATION. Unless otherwise expressly provided in this Guarantee, if any matter in this Guarantee is subject to the consent or approval of the Trustee on behalf of the Creditors or is to be acceptable to the Trustee on behalf of the Creditors, such consent, approval or determination of acceptability will be in the sole discretion of the Trustee on behalf of the Creditors. If any provision in this Guarantee refers to any action taken or to be taken by the Guarantor, or which the Guarantor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Guarantee into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Guarantee. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Guarantee, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Guarantee to a "Section" means the relevant Section of this Guarantee. If more than one person executes this

Guarantee, their obligations under this Guarantee are joint and several. Any reference in this Guarantee to a "person" will be deemed to include an individual, corporation, partnership, trust, unincorporated organization, government and the heirs, executors, administrators or other legal representatives of an individual. All capitalized terms used herein without being otherwise defined herein shall have the meaning ascribed thereto in the A&R Debenture Indenture.

28. COUNTERPARTS. This Guarantee may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

29. COPY OF GUARANTEE. The Guarantor acknowledges receipt of an executed copy of this Guarantee.

[Signature page follows]

GUARANTOR CONFIRMS THAT IT HAS REVIEWED THE CONTENTS OF THIS GUARANTEE, THAT IT HAS HAD AN OPPORTUNITY TO SEEK THE ADVICE OF LEGAL AND OTHER COUNSEL PRIOR TO EXECUTING THIS GUARANTEE AND THAT IT HAS AVAILED ITSELF OF SUCH OPPORTUNITY AND OBTAINED WHATEVER ADVICE NECESSARY TO ENSURE THAT IT FULLY UNDERSTANDS AND APPRECIATES ITS RIGHTS AND OBLIGATIONS UNDER THIS GUARANTEE.

DATED as of the date first written above.

CANABO MEDICAL CORPORATION

DocuSigned by:
Per: Tricia Symmes
01B88568ECC042B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

GUARANTEE AND POSTPONEMENT

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Ave, 8th Floor
Toronto, ON M5J 2Y1

Attention: General Manager, Corporate Trust Services
Email: NoticesCTmontreal@computershare.com

DATE: June 27, 2022

RECITALS:

A. **Aleafia Health Inc.** (the "**Debtor**") and **Computershare Trust Company of Canada**, in its capacity as trustee (the "**Trustee**"), and on behalf of the Debentureholders (collectively, the "**Creditors**") are parties to an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**").

B. As a condition precedent to the issuance of the Debentures under the A&R Debenture Indenture, Aleafia Inc. (the "**Guarantor**") is required to execute and deliver this Guarantee.

For valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by the Guarantor, the Guarantor hereby agrees in favour of the Creditors as follows:

1. **GUARANTEE**. The Guarantor hereby unconditionally and irrevocably guarantees, jointly and severally, as a primary obligor and not merely as a surety, the prompt payment and performance to the Trustee on behalf of the Creditors, forthwith upon demand by the Trustee on behalf of the Creditors, of all present and future indebtedness, liabilities and obligations of any kind whatsoever (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Debtors to the Creditors under, in connection with or with respect to the A&R Debenture Indenture and the other Security Documents (as defined in the A&R Debenture Indenture) (collectively, the "**Obligations**"). All amounts payable by the Guarantor hereunder will be paid to the Trustee on behalf of the Creditors at the address of the Trustee shown above or as otherwise directed in writing by the Trustee. Any amounts payable by the Guarantor under this Guarantee which are not paid forthwith upon demand therefor by the Trustee on behalf of the Creditors will bear interest from the date of such demand at the rate or rates applicable to the corresponding Obligations.

2. **GUARANTEE UNCONDITIONAL**. The obligations of the Guarantor under this Guarantee are continuing, unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged, diminished, limited or otherwise affected by (and the Guarantor hereby waives, to the fullest extent permitted by applicable law): (a) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any Obligation, security, person or otherwise; (b) any modification or amendment of or supplement to the Obligations, including any increase or decrease in the principal, the rates of

interest or other amounts payable thereunder; (c) any release, non-perfection or invalidity of any direct or indirect security for any Obligation; (d) any change in the existence, structure, constitution, name, objects, powers, business, control or ownership of any Debtor or any other person, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Debtor or any other person or its assets; (e) the existence of any claim, set-off or other rights which the Guarantor may have at any time against any Debtor, the Creditors, or any other person, whether in connection herewith or any unrelated transactions; (f) any invalidity, illegality or unenforceability relating to or against any Debtor or any provision of applicable law or regulation purporting to prohibit the payment by the Debtors of the principal or interest under the Obligations; (g) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Trustee on behalf of the Creditors to payment of the Obligations; (h) any release, substitution or addition of any cosigner, endorser or other guarantor of the Obligations; (i) any defence arising by reason of any failure of the Trustee on behalf of the Creditors to make any presentment, demand for performance, notice of non-performance, protest, and any other notice, including notice of all of the following: acceptance of this Guarantee, partial payment or non-payment of all or any part of the Obligations and the existence, creation, or incurring of new or additional Obligations; (j) any defence arising by reason of any failure of the Trustee on behalf of the Creditors to proceed against any Debtor or any other person, to proceed against, apply or exhaust any security held from any Debtor or any other person for the Obligations, to proceed against, apply or exhaust any security held from the Guarantor or any other person for this Guarantee or to pursue any other remedy in the power of the Trustee on behalf of the Creditors whatsoever; (k) any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation; (l) any defence arising by reason of any incapacity, lack of authority, or other defence of any Debtor or any other person, or by reason of any limitation, postponement, prohibition on the Trustee's right on behalf of the Creditors to payment of the Obligations or any part thereof, or by reason of the cessation from any cause whatsoever of the liability of any Debtor or any other person with respect to all or any part of the Obligations, or by reason of any act or omission of the Trustee or others which directly or indirectly results in the discharge or release of any Debtor or any other person or all or any part of the Obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise; (m) any defence arising by reason of any failure by the Trustee on behalf of the Creditors to obtain, perfect or maintain a perfected or prior (or any) security interest in or lien or encumbrance upon any property of any Debtor or any other person, or by reason of any interest of the Trustee on behalf of the Creditors in any property, whether as owner thereof or the holder of a security interest therein or lien or encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by the Trustee on behalf of the Creditors of any right to recourse or collateral; (n) any defence arising by reason of the failure of the Trustee on behalf of the Creditors to marshal any assets; (o) any defence based upon any failure of the Trustee on behalf of the Creditors to give to the Debtors or the Guarantor notice of any sale or other disposition of any property securing any or all of the Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Trustee on behalf of the Creditors to comply with any provision of applicable law in enforcing any security interest in or lien upon any such property, including any failure by the Trustee on behalf of the Creditors to dispose of any such property in a commercially reasonable manner; (p) any dealing whatsoever

with any Debtor or other person or any security, whether negligently or not, or any failure to do so; (q) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Debtor or any other person, including any discharge of, or bar against collecting, any of the Obligations, in or as a result of any such proceeding; or (r) any other act or omission to act or delay of any kind by any Debtor, the Creditors, or any other person or any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might, but for the provisions of this Section 2, constitute a legal or equitable discharge, limitation or reduction of the Guarantor's obligations hereunder (other than the payment or extinguishment in full of all of the Obligations). The foregoing provisions apply (and the foregoing waivers will be effective) even if the effect of any action (or failure to take action) by the Trustee on behalf of the Creditors is to destroy or diminish the Guarantor's subrogation rights, the Guarantor's right to proceed against the Debtors for reimbursement, the Guarantor's right to recover contribution from any other guarantor or any other right or remedy.

3. **RELIANCE ON AGENTS.** The Trustee on behalf of the Creditors is entitled to assume, notwithstanding any investigation by or on behalf of the Creditors, the power of the Debtors and the Guarantor and the authority of the officers, directors or agents acting or purporting to act on behalf of the Debtors or the Guarantor, and any Obligations made or created in reliance upon the exercise of such power or authority will be guaranteed hereunder.

4. **RECOURSE AGAINST DEBTOR.** The Trustee on behalf of the Creditors is not required to exhaust its recourse against the Debtors or others or under any other security or guarantee before being entitled to payment from the Guarantor under this Guarantee.

5. **SETTLEMENT OF ACCOUNTS.** Any account settled or stated between the Trustee on behalf of the Creditors and the Debtors will be accepted by the Guarantor as *prima facie* evidence that the amount thereby appearing due by the Debtors to the Creditors is so due.

6. **NO WAIVER.** No delay on the part of the Trustee on behalf of the Creditors in exercising any of its options, powers or rights, or partial or single exercise thereof, will constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, will be deemed to be made by the Trustee on behalf of the Creditors unless the same will be in writing, duly signed on behalf of the Trustee on behalf of the Creditors, and each such waiver, if any, will apply only with respect to the specific instance involved, and will in no way impair the rights of the Creditors or the liabilities of the Guarantor to the Creditors in any other respect at any other time.

7. **GUARANTEE OF ALL MONEYS BORROWED.** All moneys and credits in fact borrowed or obtained by the Debtors from the Creditors, will be deemed to form part of the Obligations notwithstanding any incapacity, disability or lack or limitation of status or power of any Debtor or of the directors, officers, employees, partners or agents thereof, or that any Debtor may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of such moneys or credits. Any amount which may not be recoverable from the Guarantor by the Trustee on behalf of the Creditors on the basis of a guarantee will be recoverable by the Trustee on behalf of the Creditors from the Guarantor as principal debtor in respect thereof and will be paid to the Trustee on behalf of the Creditors forthwith after demand therefor as herein provided.

8. **STAY OF ACCELERATION.** If acceleration of the time for payment of any amount payable by the Debtors in respect of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of any Debtor or any moratorium affecting the payment of the Obligations, all such amounts otherwise subject to acceleration will nonetheless be payable by the Guarantor hereunder forthwith on demand by the Trustee on behalf of the Creditors.

9. **REINSTATEMENT.** If, at any time, all or any part of any payment previously applied by the Trustee on behalf of the Creditors to any Obligation is or must be rescinded or returned by the Trustee on behalf of the Creditors for any reason whatsoever (including, without limitation, the insolvency, bankruptcy, or reorganization of the Debtors), such Obligation will, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Trustee, and this Guarantee will continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Trustee on behalf of the Creditors had not been made.

10. **NO SUBROGATION.** Notwithstanding any payment made by the Guarantor under this Guarantee or any setoff or application of funds of the Guarantor by the Trustee, the Guarantor will have no right of subrogation to, and waives, to the fullest extent permitted by law, any right to enforce any remedy which the Trustee on behalf of the Creditors now has or may hereafter have against the Debtors, until all of the Obligations have been indefeasibly paid in full; and until that time, the Guarantor waives any benefit of, and any right to participate in, any security, whether real or personal property, now or hereafter held by the Trustee on behalf of the Creditors for the Obligations.

11. **ASSIGNMENT AND POSTPONEMENT.** All present and future indebtedness and liability of the Debtors to the Guarantor is hereby assigned by the Guarantor to the Trustee and postponed to the Obligations and all moneys received by the Guarantor in respect thereof will be received in trust for and, unless prior written authorization from the Trustee to the contrary will have been obtained by the Guarantor, will be paid over to the Trustee on behalf of the Creditors upon demand by the Trustee. If the Trustee on behalf of the Creditors receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, the Guarantor will not be entitled to claim repayment against any Debtor until the Trustee's claims against the Debtors have been paid in full. In case of liquidation, winding up or bankruptcy of any Debtor (whether voluntary or involuntary) or if any Debtor will make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Trustee on behalf of the Creditors will have the right to rank for its full claims and receive all dividends or other payments in respect thereof in priority to the Guarantor until the claims of the Trustee on behalf of the Creditors have been paid in full, and the Guarantor will continue liable hereunder for any balance which may be owing to the Trustee by the Debtors. In the event of the valuation by the Trustee of any of its security and/or the retention thereof by the Trustee, such valuation and/or retention will not, as between the Trustee and the Guarantor, be considered as a purchase of such security, or as payment or satisfaction or reduction of the Obligations or any part thereof. The foregoing provisions of this Section 11 will not in any way limit or lessen the liability of the Guarantor under any other Section of this Guarantee.

12. **FOREIGN CURRENCY OBLIGATIONS.** The Guarantor will make payment relative to each Obligation in the currency (the "**Original Currency**") in which the Debtors are required

to pay such Obligation. If the Guarantor makes payment relative to any Obligation to the Trustee on behalf of the Creditors in a currency other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment will constitute a discharge of the liability of the Guarantor hereunder in respect of such Obligation only to the extent of the amount of the Original Currency which the Trustee on behalf of the Creditors is able to purchase at Toronto, Ontario with the amount it receives on the date of receipt. If the amount of the Original Currency which the Trustee on behalf of the Creditors is able to purchase is less than the amount of such currency originally due to it in respect to the relevant Obligation, the Guarantor will indemnify and save the Trustee on behalf of the Creditors harmless from and against any loss or damage arising as a result of such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained in this Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee on behalf of the Creditors and will continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.

13. TAXES AND SET-OFF BY GUARANTOR. All payments to be made by the Guarantor hereunder will be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor with respect to such payment will be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Trustee on behalf of the Creditors receives a net sum equal to the sum which it would have received had no deduction or withholding been required.

14. PAYMENT OF EXPENSES; INDEMNIFICATION. The Guarantor will pay on demand, and will indemnify and save the Trustee on behalf of the Creditors harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (a) incurred by the Trustee on behalf of the Creditors in the preparation, registration, administration or enforcement of this Guarantee, (b) with respect to, or resulting from, any failure or delay by the Guarantor in performing or observing any of its obligations under this Guarantee, or (c) incurred by the Trustee on behalf of the Creditors in performing or observing any of the other covenants of the Guarantor under this Guarantee.

15. ADDITIONAL SECURITY. This Guarantee is in addition and without prejudice to any security of any kind (including other guarantees) now or hereafter held by the Trustee on behalf of the Creditors and any other rights or remedies that the Trustee on behalf of the Creditors might have.

16. SET-OFF BY TRUSTEE. The Trustee on behalf of the Creditors may, to the fullest extent permitted by law, set-off and apply any and all deposits at any time held by the Trustee on behalf of the Creditors and any other indebtedness at any time owing by the Trustee on behalf of the Creditors to or for the credit or for the account of the Guarantor against any and all of the Obligations of the Guarantor now or hereafter existing under this Guarantee even if (a) the Trustee on behalf of the Creditors has not made any demand hereunder, (b) Obligations are contingent or

unmatured, or (c) the Obligations are not in the same currency as the offsetting deposits or indebtedness which may be owing by the Trustee on behalf of the Creditors.

17. **[RESERVED]**.

18. **RELEASE OF INFORMATION**. The Guarantor authorizes the Trustee on behalf of the Creditors to provide a copy of this Guarantee and such other information as may be requested of the Creditors by persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtors.

19. **APPLICABLE LAW AND ATTORNMENT**. This Guarantee shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, with respect to any suit, action or proceedings relating to this Guarantee, the Guarantor, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

20. **SUCCESSORS AND ASSIGNS**. This Guarantee will extend and enure to the benefit of the Trustee on behalf of the Creditors and its successors and assigns and will be binding upon the Guarantor and its successors. The Guarantor's obligations hereunder will not be assigned or delegated. The Trustee on behalf of the Creditors may from time to time, and without notice to or the consent of the Guarantor, assign or transfer all or any of the Obligations or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such Obligation or part thereof so transferred or assigned will remain an "Obligation" for the purposes of this Guarantee and any immediate and successive assignee or transferee of any Obligation or any interest therein will, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce, this Guarantee to the same extent as if such person were the Creditor.

21. **TIME**. Time is of the essence with respect to this Guarantee and the time for performance of the obligations of the Guarantor under this Guarantee may be strictly enforced by the Trustee on behalf of the Creditors.

22. **SEVERABILITY**. If any provision of this Guarantee is determined to be illegal, unconscionable or unenforceable, all other terms and provisions hereof will nevertheless remain effective and will be enforced to the fullest extent permitted by law.

23. **COMMUNICATION**. Any notice or other communication required or permitted to be given under this Guarantee shall be made in accordance with the terms of the A&R Debenture Indenture.

24. **REPRESENTATIONS AND WARRANTIES**. The Guarantor represents and warrants to the Creditors, upon each of which representations and warranties the Creditors specifically relies, as follows:

(1) **Litigation**. There is no litigation or governmental proceeding pending or, to its knowledge, threatened against the Guarantor which, if adversely determined, would materially adversely affect the financial condition of the Guarantor.

(2) Burdensome Provisions, etc. The Guarantor is not a party to any agreement or instrument, or subject to any corporate restriction or any judgment, order, writ, injunction, decree, award, rule or regulation, which materially adversely affects or, to its knowledge, in the future is likely to materially and adversely affect, its ability to issue the Guarantee or to perform its obligations under this Guarantee.

(3) Contingent Liabilities and Debt. The Guarantor has no contingent liabilities which are not disclosed on or referred to in the financial statements most recently delivered to the Trustee on behalf of the Creditors which would have a material adverse effect on its business or prospects.

(4) Full Disclosure. Neither the financial statements most recently delivered to the Trustee on behalf of the Creditors nor any other written statement furnished by or on behalf of and at the direction of the Guarantor to the Trustee on behalf of the Creditors in connection with the negotiation or consummation of the transactions as contemplated hereby contain, as of the time such statements were so furnished, any untrue statement of a material fact or omitted as of such time, a material fact necessary to make the statements contained therein not misleading, and all such statements, taken as a whole, together with this Guarantee, do not contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained herein or therein not misleading.

(5) Material Adverse Change. Since the date of the most recent financial statements delivered to the Trustee on behalf of the Creditors and except as otherwise disclosed to the Trustee on behalf of the Creditors in writing (i) there has been no material adverse change in the financial condition of the Guarantor as shown on its balance sheet as at that date; and (ii) the business, operations, properties, condition, financial or otherwise, or prospects of the Guarantor have not, so far as the Guarantor can reasonably foresee, been materially and adversely affected as a result of any act or event including, without limitation, fire, accident, strike, expropriation or act of any government in Canada or elsewhere.

(6) Consents. No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action, in respect of, any Person, governmental authority or agency is required on the part of the Guarantor in connection with the execution and delivery and enforcement of this Guarantee.

(7) Due Execution, etc. This Guarantee has been duly executed and delivered by or on behalf of the Guarantor and constitutes a valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as enforceability may be limited by any bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(8) No Default, etc. Neither the execution nor the delivery of this Guarantee, the consummation of the transactions herein contemplated, nor compliance with the terms, conditions and provisions hereof conflicts with or will conflict with, or results or will result in, any breach of, or constitutes a default under any of the provisions of any agreement or instrument to which the Guarantor is a party or by which the Guarantor, or any of its property or assets are bound or (except as contemplated by this Guarantee) results or will result in the creation or imposition of any

encumbrance upon any of the properties or assets of the Guarantor or results or will result in the contravention of any law or rule or regulation to which the Guarantor or its property or assets are subject and as a consequence of which the ability of the Guarantor to perform its obligations under this Guarantee is or would likely be adversely affected.

(9) Tax Returns. The Guarantor has filed all tax returns which are required to be filed and has paid all taxes which have become due as shown on such returns or any assessments received by the Guarantor where failure to do so would have a material adverse effect on the business, operations or financial condition of the Guarantor or its ability to perform its obligations under this Guarantee, except such taxes (if any) as are being contested in good faith by appropriate proceedings and for which a reserve reasonably satisfactory to the Trustee on behalf of the Creditors is provided; and the Guarantor is not aware of any proposed additional tax assessment against it.

25. TRUSTEE. Subject to any rights or remedies available to the Trustee and the Debentureholders under applicable law or otherwise, no holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing this Guarantee, unless: (a) such holder shall previously have given to the Trustee a written notice of the happening of an Event of Default (as defined in the A&R Debenture Indenture) hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

26. DEBTOR'S FINANCIAL CONDITION. The Guarantor is fully aware of the financial condition of the Debtors.

27. INTERPRETATION. Unless otherwise expressly provided in this Guarantee, if any matter in this Guarantee is subject to the consent or approval of the Trustee on behalf of the Creditors or is to be acceptable to the Trustee on behalf of the Creditors, such consent, approval or determination of acceptability will be in the sole discretion of the Trustee on behalf of the Creditors. If any provision in this Guarantee refers to any action taken or to be taken by the Guarantor, or which the Guarantor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Guarantee into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Guarantee. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Guarantee, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Guarantee to a "Section" means the relevant Section of this Guarantee. If more than one person executes this

Guarantee, their obligations under this Guarantee are joint and several. Any reference in this Guarantee to a "person" will be deemed to include an individual, corporation, partnership, trust, unincorporated organization, government and the heirs, executors, administrators or other legal representatives of an individual. All capitalized terms used herein without being otherwise defined herein shall have the meaning ascribed thereto in the A&R Debenture Indenture.

28. COUNTERPARTS. This Guarantee may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

29. COPY OF GUARANTEE. The Guarantor acknowledges receipt of an executed copy of this Guarantee.

[Signature page follows]

GUARANTOR CONFIRMS THAT IT HAS REVIEWED THE CONTENTS OF THIS GUARANTEE, THAT IT HAS HAD AN OPPORTUNITY TO SEEK THE ADVICE OF LEGAL AND OTHER COUNSEL PRIOR TO EXECUTING THIS GUARANTEE AND THAT IT HAS AVAILED ITSELF OF SUCH OPPORTUNITY AND OBTAINED WHATEVER ADVICE NECESSARY TO ENSURE THAT IT FULLY UNDERSTANDS AND APPRECIATES ITS RIGHTS AND OBLIGATIONS UNDER THIS GUARANTEE.

DATED as of the date first written above.

ALEAFIA INC.

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5EDC1EEF44E1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

GUARANTEE AND POSTPONEMENT

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Ave, 8th Floor
Toronto, ON M5J 2Y1

Attention: General Manager, Corporate Trust Services
Email: NoticesCTmontreal@computershare.com

DATE: June 27, 2022

RECITALS:

A. **Aleafia Health Inc.** (the "**Debtor**") and **Computershare Trust Company of Canada**, in its capacity as trustee (the "**Trustee**"), and on behalf of the Debentureholders (collectively, the "**Creditors**") are parties to an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**").

B. As a condition precedent to the issuance of the Debentures under the A&R Debenture Indenture, Emblem Cannabis Corporation (the "**Guarantor**") is required to execute and deliver this Guarantee.

For valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by the Guarantor, the Guarantor hereby agrees in favour of the Creditors as follows:

1. **GUARANTEE**. The Guarantor hereby unconditionally and irrevocably guarantees, jointly and severally, as a primary obligor and not merely as a surety, the prompt payment and performance to the Trustee on behalf of the Creditors, forthwith upon demand by the Trustee on behalf of the Creditors, of all present and future indebtedness, liabilities and obligations of any kind whatsoever (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Debtors to the Creditors under, in connection with or with respect to the A&R Debenture Indenture and the other Security Documents (as defined in the A&R Debenture Indenture) (collectively, the "**Obligations**"). All amounts payable by the Guarantor hereunder will be paid to the Trustee on behalf of the Creditors at the address of the Trustee shown above or as otherwise directed in writing by the Trustee. Any amounts payable by the Guarantor under this Guarantee which are not paid forthwith upon demand therefor by the Trustee on behalf of the Creditors will bear interest from the date of such demand at the rate or rates applicable to the corresponding Obligations.

2. **GUARANTEE UNCONDITIONAL**. The obligations of the Guarantor under this Guarantee are continuing, unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged, diminished, limited or otherwise affected by (and the Guarantor hereby waives, to the fullest extent permitted by applicable law): (a) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any Obligation, security, person or otherwise; (b) any modification or amendment of or

supplement to the Obligations, including any increase or decrease in the principal, the rates of interest or other amounts payable thereunder; (c) any release, non-perfection or invalidity of any direct or indirect security for any Obligation; (d) any change in the existence, structure, constitution, name, objects, powers, business, control or ownership of any Debtor or any other person, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Debtor or any other person or its assets; (e) the existence of any claim, set-off or other rights which the Guarantor may have at any time against any Debtor, the Creditors, or any other person, whether in connection herewith or any unrelated transactions; (f) any invalidity, illegality or unenforceability relating to or against any Debtor or any provision of applicable law or regulation purporting to prohibit the payment by the Debtors of the principal or interest under the Obligations; (g) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Trustee on behalf of the Creditors to payment of the Obligations; (h) any release, substitution or addition of any cosigner, endorser or other guarantor of the Obligations; (i) any defence arising by reason of any failure of the Trustee on behalf of the Creditors to make any presentment, demand for performance, notice of non-performance, protest, and any other notice, including notice of all of the following: acceptance of this Guarantee, partial payment or non-payment of all or any part of the Obligations and the existence, creation, or incurring of new or additional Obligations; (j) any defence arising by reason of any failure of the Trustee on behalf of the Creditors to proceed against any Debtor or any other person, to proceed against, apply or exhaust any security held from any Debtor or any other person for the Obligations, to proceed against, apply or exhaust any security held from the Guarantor or any other person for this Guarantee or to pursue any other remedy in the power of the Trustee on behalf of the Creditors whatsoever; (k) any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation; (l) any defence arising by reason of any incapacity, lack of authority, or other defence of any Debtor or any other person, or by reason of any limitation, postponement, prohibition on the Trustee's right on behalf of the Creditors to payment of the Obligations or any part thereof, or by reason of the cessation from any cause whatsoever of the liability of any Debtor or any other person with respect to all or any part of the Obligations, or by reason of any act or omission of the Trustee or others which directly or indirectly results in the discharge or release of any Debtor or any other person or all or any part of the Obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise; (m) any defence arising by reason of any failure by the Trustee on behalf of the Creditors to obtain, perfect or maintain a perfected or prior (or any) security interest in or lien or encumbrance upon any property of any Debtor or any other person, or by reason of any interest of the Trustee on behalf of the Creditors in any property, whether as owner thereof or the holder of a security interest therein or lien or encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by the Trustee on behalf of the Creditors of any right to recourse or collateral; (n) any defence arising by reason of the failure of the Trustee on behalf of the Creditors to marshal any assets; (o) any defence based upon any failure of the Trustee on behalf of the Creditors to give to the Debtors or the Guarantor notice of any sale or other disposition of any property securing any or all of the Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Trustee on behalf of the Creditors to comply with any provision of applicable law in enforcing any security interest in or lien upon any such property, including any failure by the Trustee on behalf of the Creditors to

dispose of any such property in a commercially reasonable manner; (p) any dealing whatsoever with any Debtor or other person or any security, whether negligently or not, or any failure to do so; (q) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Debtor or any other person, including any discharge of, or bar against collecting, any of the Obligations, in or as a result of any such proceeding; or (r) any other act or omission to act or delay of any kind by any Debtor, the Creditors, or any other person or any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might, but for the provisions of this Section 2, constitute a legal or equitable discharge, limitation or reduction of the Guarantor's obligations hereunder (other than the payment or extinguishment in full of all of the Obligations). The foregoing provisions apply (and the foregoing waivers will be effective) even if the effect of any action (or failure to take action) by the Trustee on behalf of the Creditors is to destroy or diminish the Guarantor's subrogation rights, the Guarantor's right to proceed against the Debtors for reimbursement, the Guarantor's right to recover contribution from any other guarantor or any other right or remedy.

3. **RELIANCE ON AGENTS.** The Trustee on behalf of the Creditors is entitled to assume, notwithstanding any investigation by or on behalf of the Creditors, the power of the Debtors and the Guarantor and the authority of the officers, directors or agents acting or purporting to act on behalf of the Debtors or the Guarantor, and any Obligations made or created in reliance upon the exercise of such power or authority will be guaranteed hereunder.

4. **RECOURSE AGAINST DEBTOR.** The Trustee on behalf of the Creditors is not required to exhaust its recourse against the Debtors or others or under any other security or guarantee before being entitled to payment from the Guarantor under this Guarantee.

5. **SETTLEMENT OF ACCOUNTS.** Any account settled or stated between the Trustee on behalf of the Creditors and the Debtors will be accepted by the Guarantor as *prima facie* evidence that the amount thereby appearing due by the Debtors to the Creditors is so due.

6. **NO WAIVER.** No delay on the part of the Trustee on behalf of the Creditors in exercising any of its options, powers or rights, or partial or single exercise thereof, will constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, will be deemed to be made by the Trustee on behalf of the Creditors unless the same will be in writing, duly signed on behalf of the Trustee on behalf of the Creditors, and each such waiver, if any, will apply only with respect to the specific instance involved, and will in no way impair the rights of the Creditors or the liabilities of the Guarantor to the Creditors in any other respect at any other time.

7. **GUARANTEE OF ALL MONEYS BORROWED.** All moneys and credits in fact borrowed or obtained by the Debtors from the Creditors, will be deemed to form part of the Obligations notwithstanding any incapacity, disability or lack or limitation of status or power of any Debtor or of the directors, officers, employees, partners or agents thereof, or that any Debtor may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of such moneys or credits. Any amount which may not be recoverable from the Guarantor by the Trustee on behalf of the Creditors on the basis of a guarantee will be recoverable by the Trustee

on behalf of the Creditors from the Guarantor as principal debtor in respect thereof and will be paid to the Trustee on behalf of the Creditors forthwith after demand therefor as herein provided.

8. STAY OF ACCELERATION. If acceleration of the time for payment of any amount payable by the Debtors in respect of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of any Debtor or any moratorium affecting the payment of the Obligations, all such amounts otherwise subject to acceleration will nonetheless be payable by the Guarantor hereunder forthwith on demand by the Trustee on behalf of the Creditors.

9. REINSTATEMENT. If, at any time, all or any part of any payment previously applied by the Trustee on behalf of the Creditors to any Obligation is or must be rescinded or returned by the Trustee on behalf of the Creditors for any reason whatsoever (including, without limitation, the insolvency, bankruptcy, or reorganization of the Debtors), such Obligation will, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Trustee, and this Guarantee will continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Trustee on behalf of the Creditors had not been made.

10. NO SUBROGATION. Notwithstanding any payment made by the Guarantor under this Guarantee or any setoff or application of funds of the Guarantor by the Trustee, the Guarantor will have no right of subrogation to, and waives, to the fullest extent permitted by law, any right to enforce any remedy which the Trustee on behalf of the Creditors now has or may hereafter have against the Debtors, until all of the Obligations have been indefeasibly paid in full; and until that time, the Guarantor waives any benefit of, and any right to participate in, any security, whether real or personal property, now or hereafter held by the Trustee on behalf of the Creditors for the Obligations.

11. ASSIGNMENT AND POSTPONEMENT. All present and future indebtedness and liability of the Debtors to the Guarantor is hereby assigned by the Guarantor to the Trustee and postponed to the Obligations and all moneys received by the Guarantor in respect thereof will be received in trust for and, unless prior written authorization from the Trustee to the contrary will have been obtained by the Guarantor, will be paid over to the Trustee on behalf of the Creditors upon demand by the Trustee. If the Trustee on behalf of the Creditors receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, the Guarantor will not be entitled to claim repayment against any Debtor until the Trustee's claims against the Debtors have been paid in full. In case of liquidation, winding up or bankruptcy of any Debtor (whether voluntary or involuntary) or if any Debtor will make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Trustee on behalf of the Creditors will have the right to rank for its full claims and receive all dividends or other payments in respect thereof in priority to the Guarantor until the claims of the Trustee on behalf of the Creditors have been paid in full, and the Guarantor will continue liable hereunder for any balance which may be owing to the Trustee by the Debtors. In the event of the valuation by the Trustee of any of its security and/or the retention thereof by the Trustee, such valuation and/or retention will not, as between the Trustee and the Guarantor, be considered as a purchase of such security, or as payment or satisfaction or reduction of the Obligations or any part thereof. The foregoing provisions of this Section 11 will not in any way limit or lessen the liability of the Guarantor under any other Section of this Guarantee.

12. FOREIGN CURRENCY OBLIGATIONS. The Guarantor will make payment relative to each Obligation in the currency (the "**Original Currency**") in which the Debtors are required to pay such Obligation. If the Guarantor makes payment relative to any Obligation to the Trustee on behalf of the Creditors in a currency other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment will constitute a discharge of the liability of the Guarantor hereunder in respect of such Obligation only to the extent of the amount of the Original Currency which the Trustee on behalf of the Creditors is able to purchase at Toronto, Ontario with the amount it receives on the date of receipt. If the amount of the Original Currency which the Trustee on behalf of the Creditors is able to purchase is less than the amount of such currency originally due to it in respect to the relevant Obligation, the Guarantor will indemnify and save the Trustee on behalf of the Creditors harmless from and against any loss or damage arising as a result of such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained in this Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee on behalf of the Creditors and will continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.

13. TAXES AND SET-OFF BY GUARANTOR. All payments to be made by the Guarantor hereunder will be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor with respect to such payment will be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Trustee on behalf of the Creditors receives a net sum equal to the sum which it would have received had no deduction or withholding been required.

14. PAYMENT OF EXPENSES; INDEMNIFICATION. The Guarantor will pay on demand, and will indemnify and save the Trustee on behalf of the Creditors harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (a) incurred by the Trustee on behalf of the Creditors in the preparation, registration, administration or enforcement of this Guarantee, (b) with respect to, or resulting from, any failure or delay by the Guarantor in performing or observing any of its obligations under this Guarantee, or (c) incurred by the Trustee on behalf of the Creditors in performing or observing any of the other covenants of the Guarantor under this Guarantee.

15. ADDITIONAL SECURITY. This Guarantee is in addition and without prejudice to any security of any kind (including other guarantees) now or hereafter held by the Trustee on behalf of the Creditors and any other rights or remedies that the Trustee on behalf of the Creditors might have.

16. SET-OFF BY TRUSTEE. The Trustee on behalf of the Creditors may, to the fullest extent permitted by law, set-off and apply any and all deposits at any time held by the Trustee on behalf of the Creditors and any other indebtedness at any time owing by the Trustee on behalf of the Creditors to or for the credit or for the account of the Guarantor against any and all of the Obligations of the Guarantor now or hereafter existing under this Guarantee even if (a) the Trustee

on behalf of the Creditors has not made any demand hereunder, (b) Obligations are contingent or unmatured, or (c) the Obligations are not in the same currency as the offsetting deposits or indebtedness which may be owing by the Trustee on behalf of the Creditors.

17. **[RESERVED]**.

18. **RELEASE OF INFORMATION**. The Guarantor authorizes the Trustee on behalf of the Creditors to provide a copy of this Guarantee and such other information as may be requested of the Creditors by persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtors.

19. **APPLICABLE LAW AND ATTORNMENT**. This Guarantee shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, with respect to any suit, action or proceedings relating to this Guarantee, the Guarantor, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

20. **SUCCESSORS AND ASSIGNS**. This Guarantee will extend and enure to the benefit of the Trustee on behalf of the Creditors and its successors and assigns and will be binding upon the Guarantor and its successors. The Guarantor's obligations hereunder will not be assigned or delegated. The Trustee on behalf of the Creditors may from time to time, and without notice to or the consent of the Guarantor, assign or transfer all or any of the Obligations or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such Obligation or part thereof so transferred or assigned will remain an "Obligation" for the purposes of this Guarantee and any immediate and successive assignee or transferee of any Obligation or any interest therein will, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce, this Guarantee to the same extent as if such person were the Creditor.

21. **TIME**. Time is of the essence with respect to this Guarantee and the time for performance of the obligations of the Guarantor under this Guarantee may be strictly enforced by the Trustee on behalf of the Creditors.

22. **SEVERABILITY**. If any provision of this Guarantee is determined to be illegal, unconscionable or unenforceable, all other terms and provisions hereof will nevertheless remain effective and will be enforced to the fullest extent permitted by law.

23. **COMMUNICATION**. Any notice or other communication required or permitted to be given under this Guarantee shall be made in accordance with the terms of the A&R Debenture Indenture.

24. **REPRESENTATIONS AND WARRANTIES**. The Guarantor represents and warrants to the Creditors, upon each of which representations and warranties the Creditors specifically relies, as follows:

(1) **Litigation**. There is no litigation or governmental proceeding pending or, to its knowledge, threatened against the Guarantor which, if adversely determined, would materially adversely affect the financial condition of the Guarantor.

(2) Burdensome Provisions, etc. The Guarantor is not a party to any agreement or instrument, or subject to any corporate restriction or any judgment, order, writ, injunction, decree, award, rule or regulation, which materially adversely affects or, to its knowledge, in the future is likely to materially and adversely affect, its ability to issue the Guarantee or to perform its obligations under this Guarantee.

(3) Contingent Liabilities and Debt. The Guarantor has no contingent liabilities which are not disclosed on or referred to in the financial statements most recently delivered to the Trustee on behalf of the Creditors which would have a material adverse effect on its business or prospects.

(4) Full Disclosure. Neither the financial statements most recently delivered to the Trustee on behalf of the Creditors nor any other written statement furnished by or on behalf of and at the direction of the Guarantor to the Trustee on behalf of the Creditors in connection with the negotiation or consummation of the transactions as contemplated hereby contain, as of the time such statements were so furnished, any untrue statement of a material fact or omitted as of such time, a material fact necessary to make the statements contained therein not misleading, and all such statements, taken as a whole, together with this Guarantee, do not contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained herein or therein not misleading.

(5) Material Adverse Change. Since the date of the most recent financial statements delivered to the Trustee on behalf of the Creditors and except as otherwise disclosed to the Trustee on behalf of the Creditors in writing (i) there has been no material adverse change in the financial condition of the Guarantor as shown on its balance sheet as at that date; and (ii) the business, operations, properties, condition, financial or otherwise, or prospects of the Guarantor have not, so far as the Guarantor can reasonably foresee, been materially and adversely affected as a result of any act or event including, without limitation, fire, accident, strike, expropriation or act of any government in Canada or elsewhere.

(6) Consents. No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action, in respect of, any Person, governmental authority or agency is required on the part of the Guarantor in connection with the execution and delivery and enforcement of this Guarantee.

(7) Due Execution, etc. This Guarantee has been duly executed and delivered by or on behalf of the Guarantor and constitutes a valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as enforceability may be limited by any bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(8) No Default, etc. Neither the execution nor the delivery of this Guarantee, the consummation of the transactions herein contemplated, nor compliance with the terms, conditions and provisions hereof conflicts with or will conflict with, or results or will result in, any breach of, or constitutes a default under any of the provisions of any agreement or instrument to which the Guarantor is a party or by which the Guarantor, or any of its property or assets are bound or (except as contemplated by this Guarantee) results or will result in the creation or imposition of any

encumbrance upon any of the properties or assets of the Guarantor or results or will result in the contravention of any law or rule or regulation to which the Guarantor or its property or assets are subject and as a consequence of which the ability of the Guarantor to perform its obligations under this Guarantee is or would likely be adversely affected.

(9) Tax Returns. The Guarantor has filed all tax returns which are required to be filed and has paid all taxes which have become due as shown on such returns or any assessments received by the Guarantor where failure to do so would have a material adverse effect on the business, operations or financial condition of the Guarantor or its ability to perform its obligations under this Guarantee, except such taxes (if any) as are being contested in good faith by appropriate proceedings and for which a reserve reasonably satisfactory to the Trustee on behalf of the Creditors is provided; and the Guarantor is not aware of any proposed additional tax assessment against it.

25. TRUSTEE. Subject to any rights or remedies available to the Trustee and the Debentureholders under applicable law or otherwise, no holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing this Guarantee, unless: (a) such holder shall previously have given to the Trustee a written notice of the happening of an Event of Default (as defined in the A&R Debenture Indenture) hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

26. DEBTOR'S FINANCIAL CONDITION. The Guarantor is fully aware of the financial condition of the Debtors.

27. INTERPRETATION. Unless otherwise expressly provided in this Guarantee, if any matter in this Guarantee is subject to the consent or approval of the Trustee on behalf of the Creditors or is to be acceptable to the Trustee on behalf of the Creditors, such consent, approval or determination of acceptability will be in the sole discretion of the Trustee on behalf of the Creditors. If any provision in this Guarantee refers to any action taken or to be taken by the Guarantor, or which the Guarantor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Guarantee into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Guarantee. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Guarantee, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Guarantee to a "Section" means the relevant Section of this Guarantee. If more than one person executes this

Guarantee, their obligations under this Guarantee are joint and several. Any reference in this Guarantee to a "person" will be deemed to include an individual, corporation, partnership, trust, unincorporated organization, government and the heirs, executors, administrators or other legal representatives of an individual. All capitalized terms used herein without being otherwise defined herein shall have the meaning ascribed thereto in the A&R Debenture Indenture.

28. COUNTERPARTS. This Guarantee may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

29. COPY OF GUARANTEE. The Guarantor acknowledges receipt of an executed copy of this Guarantee.

[Signature page follows]

GUARANTOR CONFIRMS THAT IT HAS REVIEWED THE CONTENTS OF THIS GUARANTEE, THAT IT HAS HAD AN OPPORTUNITY TO SEEK THE ADVICE OF LEGAL AND OTHER COUNSEL PRIOR TO EXECUTING THIS GUARANTEE AND THAT IT HAS AVAILED ITSELF OF SUCH OPPORTUNITY AND OBTAINED WHATEVER ADVICE NECESSARY TO ENSURE THAT IT FULLY UNDERSTANDS AND APPRECIATES ITS RIGHTS AND OBLIGATIONS UNDER THIS GUARANTEE.

DATED as of the date first written above.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E6FDC1EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

GUARANTEE AND POSTPONEMENT

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Ave, 8th Floor
Toronto, ON M5J 2Y1

Attention: General Manager, Corporate Trust Services
Email: NoticesCTmontreal@computershare.com

DATE: June 27, 2022

RECITALS:

A. **Aleafia Health Inc.** (the "**Debtor**") and **Computershare Trust Company**, in its capacity as trustee (the "**Trustee**"), and on behalf of the Debentureholders (collectively, the "**Creditors**") are parties to an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**").

B. As a condition precedent to the issuance of the Debentures under the A&R Debenture Indenture, Aleafia Farms Inc. (the "**Guarantor**") is required to execute and deliver this Guarantee.

For valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by the Guarantor, the Guarantor hereby agrees in favour of the Creditors as follows:

1. **GUARANTEE**. The Guarantor hereby unconditionally and irrevocably guarantees, jointly and severally, as a primary obligor and not merely as a surety, the prompt payment and performance to the Trustee on behalf of the Creditors, forthwith upon demand by the Trustee on behalf of the Creditors, of all present and future indebtedness, liabilities and obligations of any kind whatsoever (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Debtors to the Creditors under, in connection with or with respect to the A&R Debenture Indenture and the other Security Documents (as defined in the A&R Debenture Indenture) (collectively, the "**Obligations**"). All amounts payable by the Guarantor hereunder will be paid to the Trustee on behalf of the Creditors at the address of the Trustee shown above or as otherwise directed in writing by the Trustee. Any amounts payable by the Guarantor under this Guarantee which are not paid forthwith upon demand therefor by the Trustee on behalf of the Creditors will bear interest from the date of such demand at the rate or rates applicable to the corresponding Obligations.

2. **GUARANTEE UNCONDITIONAL**. The obligations of the Guarantor under this Guarantee are continuing, unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged, diminished, limited or otherwise affected by (and the Guarantor hereby waives, to the fullest extent permitted by applicable law): (a) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any Obligation, security, person or otherwise; (b) any modification or amendment of or supplement to the Obligations, including any increase or decrease in the principal, the rates of interest or other amounts payable thereunder; (c) any release, non-perfection or invalidity of any

direct or indirect security for any Obligation; (d) any change in the existence, structure, constitution, name, objects, powers, business, control or ownership of any Debtor or any other person, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Debtor or any other person or its assets; (e) the existence of any claim, set-off or other rights which the Guarantor may have at any time against any Debtor, the Creditors, or any other person, whether in connection herewith or any unrelated transactions; (f) any invalidity, illegality or unenforceability relating to or against any Debtor or any provision of applicable law or regulation purporting to prohibit the payment by the Debtors of the principal or interest under the Obligations; (g) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Trustee on behalf of the Creditors to payment of the Obligations; (h) any release, substitution or addition of any cosigner, endorser or other guarantor of the Obligations; (i) any defence arising by reason of any failure of the Trustee on behalf of the Creditors to make any presentment, demand for performance, notice of non-performance, protest, and any other notice, including notice of all of the following: acceptance of this Guarantee, partial payment or non-payment of all or any part of the Obligations and the existence, creation, or incurring of new or additional Obligations; (j) any defence arising by reason of any failure of the Trustee on behalf of the Creditors to proceed against any Debtor or any other person, to proceed against, apply or exhaust any security held from any Debtor or any other person for the Obligations, to proceed against, apply or exhaust any security held from the Guarantor or any other person for this Guarantee or to pursue any other remedy in the power of the Trustee on behalf of the Creditors whatsoever; (k) any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation; (l) any defence arising by reason of any incapacity, lack of authority, or other defence of any Debtor or any other person, or by reason of any limitation, postponement, prohibition on the Trustee's right on behalf of the Creditors to payment of the Obligations or any part thereof, or by reason of the cessation from any cause whatsoever of the liability of any Debtor or any other person with respect to all or any part of the Obligations, or by reason of any act or omission of the Trustee or others which directly or indirectly results in the discharge or release of any Debtor or any other person or all or any part of the Obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise; (m) any defence arising by reason of any failure by the Trustee on behalf of the Creditors to obtain, perfect or maintain a perfected or prior (or any) security interest in or lien or encumbrance upon any property of any Debtor or any other person, or by reason of any interest of the Trustee on behalf of the Creditors in any property, whether as owner thereof or the holder of a security interest therein or lien or encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by the Trustee on behalf of the Creditors of any right to recourse or collateral; (n) any defence arising by reason of the failure of the Trustee on behalf of the Creditors to marshal any assets; (o) any defence based upon any failure of the Trustee on behalf of the Creditors to give to the Debtors or the Guarantor notice of any sale or other disposition of any property securing any or all of the Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Trustee on behalf of the Creditors to comply with any provision of applicable law in enforcing any security interest in or lien upon any such property, including any failure by the Trustee on behalf of the Creditors to dispose of any such property in a commercially reasonable manner; (p) any dealing whatsoever with any Debtor or other person or any security, whether negligently or not, or any failure to do

so; (q) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Debtor or any other person, including any discharge of, or bar against collecting, any of the Obligations, in or as a result of any such proceeding; or (r) any other act or omission to act or delay of any kind by any Debtor, the Creditors, or any other person or any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might, but for the provisions of this Section 2, constitute a legal or equitable discharge, limitation or reduction of the Guarantor's obligations hereunder (other than the payment or extinguishment in full of all of the Obligations). The foregoing provisions apply (and the foregoing waivers will be effective) even if the effect of any action (or failure to take action) by the Trustee on behalf of the Creditors is to destroy or diminish the Guarantor's subrogation rights, the Guarantor's right to proceed against the Debtors for reimbursement, the Guarantor's right to recover contribution from any other guarantor or any other right or remedy.

3. **RELIANCE ON AGENTS.** The Trustee on behalf of the Creditors is entitled to assume, notwithstanding any investigation by or on behalf of the Creditors, the power of the Debtors and the Guarantor and the authority of the officers, directors or agents acting or purporting to act on behalf of the Debtors or the Guarantor, and any Obligations made or created in reliance upon the exercise of such power or authority will be guaranteed hereunder.

4. **RECOURSE AGAINST DEBTOR.** The Trustee on behalf of the Creditors is not required to exhaust its recourse against the Debtors or others or under any other security or guarantee before being entitled to payment from the Guarantor under this Guarantee.

5. **SETTLEMENT OF ACCOUNTS.** Any account settled or stated between the Trustee on behalf of the Creditors and the Debtors will be accepted by the Guarantor as *prima facie* evidence that the amount thereby appearing due by the Debtors to the Creditors is so due.

6. **NO WAIVER.** No delay on the part of the Trustee on behalf of the Creditors in exercising any of its options, powers or rights, or partial or single exercise thereof, will constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, will be deemed to be made by the Trustee on behalf of the Creditors unless the same will be in writing, duly signed on behalf of the Trustee on behalf of the Creditors, and each such waiver, if any, will apply only with respect to the specific instance involved, and will in no way impair the rights of the Creditors or the liabilities of the Guarantor to the Creditors in any other respect at any other time.

7. **GUARANTEE OF ALL MONEYS BORROWED.** All moneys and credits in fact borrowed or obtained by the Debtors from the Creditors, will be deemed to form part of the Obligations notwithstanding any incapacity, disability or lack or limitation of status or power of any Debtor or of the directors, officers, employees, partners or agents thereof, or that any Debtor may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of such moneys or credits. Any amount which may not be recoverable from the Guarantor by the Trustee on behalf of the Creditors on the basis of a guarantee will be recoverable by the Trustee on behalf of the Creditors from the Guarantor as principal debtor in respect thereof and will be paid to the Trustee on behalf of the Creditors forthwith after demand therefor as herein provided.

8. **STAY OF ACCELERATION.** If acceleration of the time for payment of any amount payable by the Debtors in respect of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of any Debtor or any moratorium affecting the payment of the Obligations, all such amounts otherwise subject to acceleration will nonetheless be payable by the Guarantor hereunder forthwith on demand by the Trustee on behalf of the Creditors.

9. **REINSTATEMENT.** If, at any time, all or any part of any payment previously applied by the Trustee on behalf of the Creditors to any Obligation is or must be rescinded or returned by the Trustee on behalf of the Creditors for any reason whatsoever (including, without limitation, the insolvency, bankruptcy, or reorganization of the Debtors), such Obligation will, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Trustee, and this Guarantee will continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Trustee on behalf of the Creditors had not been made.

10. **NO SUBROGATION.** Notwithstanding any payment made by the Guarantor under this Guarantee or any setoff or application of funds of the Guarantor by the Trustee, the Guarantor will have no right of subrogation to, and waives, to the fullest extent permitted by law, any right to enforce any remedy which the Trustee on behalf of the Creditors now has or may hereafter have against the Debtors, until all of the Obligations have been indefeasibly paid in full; and until that time, the Guarantor waives any benefit of, and any right to participate in, any security, whether real or personal property, now or hereafter held by the Trustee on behalf of the Creditors for the Obligations.

11. **ASSIGNMENT AND POSTPONEMENT.** All present and future indebtedness and liability of the Debtors to the Guarantor is hereby assigned by the Guarantor to the Trustee and postponed to the Obligations and all moneys received by the Guarantor in respect thereof will be received in trust for and, unless prior written authorization from the Trustee to the contrary will have been obtained by the Guarantor, will be paid over to the Trustee on behalf of the Creditors upon demand by the Trustee. If the Trustee on behalf of the Creditors receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, the Guarantor will not be entitled to claim repayment against any Debtor until the Trustee's claims against the Debtors have been paid in full. In case of liquidation, winding up or bankruptcy of any Debtor (whether voluntary or involuntary) or if any Debtor will make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Trustee on behalf of the Creditors will have the right to rank for its full claims and receive all dividends or other payments in respect thereof in priority to the Guarantor until the claims of the Trustee on behalf of the Creditors have been paid in full, and the Guarantor will continue liable hereunder for any balance which may be owing to the Trustee by the Debtors. In the event of the valuation by the Trustee of any of its security and/or the retention thereof by the Trustee, such valuation and/or retention will not, as between the Trustee and the Guarantor, be considered as a purchase of such security, or as payment or satisfaction or reduction of the Obligations or any part thereof. The foregoing provisions of this Section 11 will not in any way limit or lessen the liability of the Guarantor under any other Section of this Guarantee.

12. **FOREIGN CURRENCY OBLIGATIONS.** The Guarantor will make payment relative to each Obligation in the currency (the "**Original Currency**") in which the Debtors are required

to pay such Obligation. If the Guarantor makes payment relative to any Obligation to the Trustee on behalf of the Creditors in a currency other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment will constitute a discharge of the liability of the Guarantor hereunder in respect of such Obligation only to the extent of the amount of the Original Currency which the Trustee on behalf of the Creditors is able to purchase at Toronto, Ontario with the amount it receives on the date of receipt. If the amount of the Original Currency which the Trustee on behalf of the Creditors is able to purchase is less than the amount of such currency originally due to it in respect to the relevant Obligation, the Guarantor will indemnify and save the Trustee on behalf of the Creditors harmless from and against any loss or damage arising as a result of such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained in this Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee on behalf of the Creditors and will continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.

13. TAXES AND SET-OFF BY GUARANTOR. All payments to be made by the Guarantor hereunder will be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor with respect to such payment will be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Trustee on behalf of the Creditors receives a net sum equal to the sum which it would have received had no deduction or withholding been required.

14. PAYMENT OF EXPENSES; INDEMNIFICATION. The Guarantor will pay on demand, and will indemnify and save the Trustee on behalf of the Creditors harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (a) incurred by the Trustee on behalf of the Creditors in the preparation, registration, administration or enforcement of this Guarantee, (b) with respect to, or resulting from, any failure or delay by the Guarantor in performing or observing any of its obligations under this Guarantee, or (c) incurred by the Trustee on behalf of the Creditors in performing or observing any of the other covenants of the Guarantor under this Guarantee.

15. ADDITIONAL SECURITY. This Guarantee is in addition and without prejudice to any security of any kind (including other guarantees) now or hereafter held by the Trustee on behalf of the Creditors and any other rights or remedies that the Trustee on behalf of the Creditors might have.

16. SET-OFF BY TRUSTEE. The Trustee on behalf of the Creditors may, to the fullest extent permitted by law, set-off and apply any and all deposits at any time held by the Trustee on behalf of the Creditors and any other indebtedness at any time owing by the Trustee on behalf of the Creditors to or for the credit or for the account of the Guarantor against any and all of the Obligations of the Guarantor now or hereafter existing under this Guarantee even if (a) the Trustee on behalf of the Creditors has not made any demand hereunder, (b) Obligations are contingent or

unmatured, or (c) the Obligations are not in the same currency as the offsetting deposits or indebtedness which may be owing by the Trustee on behalf of the Creditors.

17. **[RESERVED]**.

18. **RELEASE OF INFORMATION**. The Guarantor authorizes the Trustee on behalf of the Creditors to provide a copy of this Guarantee and such other information as may be requested of the Creditors by persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtors.

19. **APPLICABLE LAW AND ATTORNMENT**. This Guarantee shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, with respect to any suit, action or proceedings relating to this Guarantee, the Guarantor, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

20. **SUCCESSORS AND ASSIGNS**. This Guarantee will extend and enure to the benefit of the Trustee on behalf of the Creditors and its successors and assigns and will be binding upon the Guarantor and its successors. The Guarantor's obligations hereunder will not be assigned or delegated. The Trustee on behalf of the Creditors may from time to time, and without notice to or the consent of the Guarantor, assign or transfer all or any of the Obligations or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such Obligation or part thereof so transferred or assigned will remain an "Obligation" for the purposes of this Guarantee and any immediate and successive assignee or transferee of any Obligation or any interest therein will, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce, this Guarantee to the same extent as if such person were the Creditor.

21. **TIME**. Time is of the essence with respect to this Guarantee and the time for performance of the obligations of the Guarantor under this Guarantee may be strictly enforced by the Trustee on behalf of the Creditors.

22. **SEVERABILITY**. If any provision of this Guarantee is determined to be illegal, unconscionable or unenforceable, all other terms and provisions hereof will nevertheless remain effective and will be enforced to the fullest extent permitted by law.

23. **COMMUNICATION**. Any notice or other communication required or permitted to be given under this Guarantee shall be made in accordance with the terms of the A&R Debenture Indenture.

24. **REPRESENTATIONS AND WARRANTIES**. The Guarantor represents and warrants to the Creditors, upon each of which representations and warranties the Creditors specifically relies, as follows:

(1) **Litigation**. There is no litigation or governmental proceeding pending or, to its knowledge, threatened against the Guarantor which, if adversely determined, would materially adversely affect the financial condition of the Guarantor.

(2) Burdensome Provisions, etc. The Guarantor is not a party to any agreement or instrument, or subject to any corporate restriction or any judgment, order, writ, injunction, decree, award, rule or regulation, which materially adversely affects or, to its knowledge, in the future is likely to materially and adversely affect, its ability to issue the Guarantee or to perform its obligations under this Guarantee.

(3) Contingent Liabilities and Debt. The Guarantor has no contingent liabilities which are not disclosed on or referred to in the financial statements most recently delivered to the Trustee on behalf of the Creditors which would have a material adverse effect on its business or prospects.

(4) Full Disclosure. Neither the financial statements most recently delivered to the Trustee on behalf of the Creditors nor any other written statement furnished by or on behalf of and at the direction of the Guarantor to the Trustee on behalf of the Creditors in connection with the negotiation or consummation of the transactions as contemplated hereby contain, as of the time such statements were so furnished, any untrue statement of a material fact or omitted as of such time, a material fact necessary to make the statements contained therein not misleading, and all such statements, taken as a whole, together with this Guarantee, do not contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained herein or therein not misleading.

(5) Material Adverse Change. Since the date of the most recent financial statements delivered to the Trustee on behalf of the Creditors and except as otherwise disclosed to the Trustee on behalf of the Creditors in writing (i) there has been no material adverse change in the financial condition of the Guarantor as shown on its balance sheet as at that date; and (ii) the business, operations, properties, condition, financial or otherwise, or prospects of the Guarantor have not, so far as the Guarantor can reasonably foresee, been materially and adversely affected as a result of any act or event including, without limitation, fire, accident, strike, expropriation or act of any government in Canada or elsewhere.

(6) Consents. No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action, in respect of, any Person, governmental authority or agency is required on the part of the Guarantor in connection with the execution and delivery and enforcement of this Guarantee.

(7) Due Execution, etc. This Guarantee has been duly executed and delivered by or on behalf of the Guarantor and constitutes a valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as enforceability may be limited by any bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(8) No Default, etc. Neither the execution nor the delivery of this Guarantee, the consummation of the transactions herein contemplated, nor compliance with the terms, conditions and provisions hereof conflicts with or will conflict with, or results or will result in, any breach of, or constitutes a default under any of the provisions of any agreement or instrument to which the Guarantor is a party or by which the Guarantor, or any of its property or assets are bound or (except as contemplated by this Guarantee) results or will result in the creation or imposition of any

encumbrance upon any of the properties or assets of the Guarantor or results or will result in the contravention of any law or rule or regulation to which the Guarantor or its property or assets are subject and as a consequence of which the ability of the Guarantor to perform its obligations under this Guarantee is or would likely be adversely affected.

(9) Tax Returns. The Guarantor has filed all tax returns which are required to be filed and has paid all taxes which have become due as shown on such returns or any assessments received by the Guarantor where failure to do so would have a material adverse effect on the business, operations or financial condition of the Guarantor or its ability to perform its obligations under this Guarantee, except such taxes (if any) as are being contested in good faith by appropriate proceedings and for which a reserve reasonably satisfactory to the Trustee on behalf of the Creditors is provided; and the Guarantor is not aware of any proposed additional tax assessment against it.

25. TRUSTEE. Subject to any rights or remedies available to the Trustee and the Debentureholders under applicable law or otherwise, no holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing this Guarantee, unless: (a) such holder shall previously have given to the Trustee a written notice of the happening of an Event of Default (as defined in the A&R Debenture Indenture) hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

26. DEBTOR'S FINANCIAL CONDITION. The Guarantor is fully aware of the financial condition of the Debtors.

27. INTERPRETATION. Unless otherwise expressly provided in this Guarantee, if any matter in this Guarantee is subject to the consent or approval of the Trustee on behalf of the Creditors or is to be acceptable to the Trustee on behalf of the Creditors, such consent, approval or determination of acceptability will be in the sole discretion of the Trustee on behalf of the Creditors. If any provision in this Guarantee refers to any action taken or to be taken by the Guarantor, or which the Guarantor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Guarantee into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Guarantee. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Guarantee, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Guarantee to a "Section" means the relevant Section of this Guarantee. If more than one person executes this

Guarantee, their obligations under this Guarantee are joint and several. Any reference in this Guarantee to a "person" will be deemed to include an individual, corporation, partnership, trust, unincorporated organization, government and the heirs, executors, administrators or other legal representatives of an individual. All capitalized terms used herein without being otherwise defined herein shall have the meaning ascribed thereto in the A&R Debenture Indenture.

28. COUNTERPARTS. This Guarantee may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

29. COPY OF GUARANTEE. The Guarantor acknowledges receipt of an executed copy of this Guarantee.

[Signature page follows]

GUARANTOR CONFIRMS THAT IT HAS REVIEWED THE CONTENTS OF THIS GUARANTEE, THAT IT HAS HAD AN OPPORTUNITY TO SEEK THE ADVICE OF LEGAL AND OTHER COUNSEL PRIOR TO EXECUTING THIS GUARANTEE AND THAT IT HAS AVAILED ITSELF OF SUCH OPPORTUNITY AND OBTAINED WHATEVER ADVICE NECESSARY TO ENSURE THAT IT FULLY UNDERSTANDS AND APPRECIATES ITS RIGHTS AND OBLIGATIONS UNDER THIS GUARANTEE.

DATED as of the date first written above.

ALEAFIA FARMS INC.

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E6FD61EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

GUARANTEE AND POSTPONEMENT

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Ave, 8th Floor
Toronto, ON M5J 2Y1

Attention: General Manager, Corporate Trust Services
Email: NoticesCTmontreal@computershare.com

DATE: June 27, 2022

RECITALS:

A. **Aleafia Health Inc.** (the "**Debtor**") and **Computershare Trust Company of Canada**, in its capacity as trustee (the "**Trustee**"), and on behalf of the Debentureholders (collectively, the "**Creditors**") are parties to an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**").

B. As a condition precedent to the issuance of the Debentures under the A&R Debenture Indenture, Emblem Corp. (the "**Guarantor**") is required to execute and deliver this Guarantee.

For valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by the Guarantor, the Guarantor hereby agrees in favour of the Creditors as follows:

1. **GUARANTEE.** The Guarantor hereby unconditionally and irrevocably guarantees, jointly and severally, as a primary obligor and not merely as a surety, the prompt payment and performance to the Trustee on behalf of the Creditors, forthwith upon demand by the Trustee on behalf of the Creditors, of all present and future indebtedness, liabilities and obligations of any kind whatsoever (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Debtors to the Creditors under, in connection with or with respect to the A&R Debenture Indenture and the other Security Documents (as defined in the A&R Debenture Indenture) (collectively, the "**Obligations**"). All amounts payable by the Guarantor hereunder will be paid to the Trustee on behalf of the Creditors at the address of the Trustee shown above or as otherwise directed in writing by the Trustee. Any amounts payable by the Guarantor under this Guarantee which are not paid forthwith upon demand therefor by the Trustee on behalf of the Creditors will bear interest from the date of such demand at the rate or rates applicable to the corresponding Obligations.

2. **GUARANTEE UNCONDITIONAL.** The obligations of the Guarantor under this Guarantee are continuing, unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged, diminished, limited or otherwise affected by (and the Guarantor hereby waives, to the fullest extent permitted by applicable law): (a) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any Obligation, security, person or otherwise; (b) any modification or amendment of or supplement to the Obligations, including any increase or decrease in the principal, the rates of

interest or other amounts payable thereunder; (c) any release, non-perfection or invalidity of any direct or indirect security for any Obligation; (d) any change in the existence, structure, constitution, name, objects, powers, business, control or ownership of any Debtor or any other person, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Debtor or any other person or its assets; (e) the existence of any claim, set-off or other rights which the Guarantor may have at any time against any Debtor, the Creditors, or any other person, whether in connection herewith or any unrelated transactions; (f) any invalidity, illegality or unenforceability relating to or against any Debtor or any provision of applicable law or regulation purporting to prohibit the payment by the Debtors of the principal or interest under the Obligations; (g) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Trustee on behalf of the Creditors to payment of the Obligations; (h) any release, substitution or addition of any cosigner, endorser or other guarantor of the Obligations; (i) any defence arising by reason of any failure of the Trustee on behalf of the Creditors to make any presentment, demand for performance, notice of non-performance, protest, and any other notice, including notice of all of the following: acceptance of this Guarantee, partial payment or non-payment of all or any part of the Obligations and the existence, creation, or incurring of new or additional Obligations; (j) any defence arising by reason of any failure of the Trustee on behalf of the Creditors to proceed against any Debtor or any other person, to proceed against, apply or exhaust any security held from any Debtor or any other person for the Obligations, to proceed against, apply or exhaust any security held from the Guarantor or any other person for this Guarantee or to pursue any other remedy in the power of the Trustee on behalf of the Creditors whatsoever; (k) any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation; (l) any defence arising by reason of any incapacity, lack of authority, or other defence of any Debtor or any other person, or by reason of any limitation, postponement, prohibition on the Trustee's right on behalf of the Creditors to payment of the Obligations or any part thereof, or by reason of the cessation from any cause whatsoever of the liability of any Debtor or any other person with respect to all or any part of the Obligations, or by reason of any act or omission of the Trustee or others which directly or indirectly results in the discharge or release of any Debtor or any other person or all or any part of the Obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise; (m) any defence arising by reason of any failure by the Trustee on behalf of the Creditors to obtain, perfect or maintain a perfected or prior (or any) security interest in or lien or encumbrance upon any property of any Debtor or any other person, or by reason of any interest of the Trustee on behalf of the Creditors in any property, whether as owner thereof or the holder of a security interest therein or lien or encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by the Trustee on behalf of the Creditors of any right to recourse or collateral; (n) any defence arising by reason of the failure of the Trustee on behalf of the Creditors to marshal any assets; (o) any defence based upon any failure of the Trustee on behalf of the Creditors to give to the Debtors or the Guarantor notice of any sale or other disposition of any property securing any or all of the Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Trustee on behalf of the Creditors to comply with any provision of applicable law in enforcing any security interest in or lien upon any such property, including any failure by the Trustee on behalf of the Creditors to dispose of any such property in a commercially reasonable manner; (p) any dealing whatsoever

with any Debtor or other person or any security, whether negligently or not, or any failure to do so; (q) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Debtor or any other person, including any discharge of, or bar against collecting, any of the Obligations, in or as a result of any such proceeding; or (r) any other act or omission to act or delay of any kind by any Debtor, the Creditors, or any other person or any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might, but for the provisions of this Section 2, constitute a legal or equitable discharge, limitation or reduction of the Guarantor's obligations hereunder (other than the payment or extinguishment in full of all of the Obligations). The foregoing provisions apply (and the foregoing waivers will be effective) even if the effect of any action (or failure to take action) by the Trustee on behalf of the Creditors is to destroy or diminish the Guarantor's subrogation rights, the Guarantor's right to proceed against the Debtors for reimbursement, the Guarantor's right to recover contribution from any other guarantor or any other right or remedy.

3. **RELIANCE ON AGENTS.** The Trustee on behalf of the Creditors is entitled to assume, notwithstanding any investigation by or on behalf of the Creditors, the power of the Debtors and the Guarantor and the authority of the officers, directors or agents acting or purporting to act on behalf of the Debtors or the Guarantor, and any Obligations made or created in reliance upon the exercise of such power or authority will be guaranteed hereunder.

4. **RECOURSE AGAINST DEBTOR.** The Trustee on behalf of the Creditors is not required to exhaust its recourse against the Debtors or others or under any other security or guarantee before being entitled to payment from the Guarantor under this Guarantee.

5. **SETTLEMENT OF ACCOUNTS.** Any account settled or stated between the Trustee on behalf of the Creditors and the Debtors will be accepted by the Guarantor as *prima facie* evidence that the amount thereby appearing due by the Debtors to the Creditors is so due.

6. **NO WAIVER.** No delay on the part of the Trustee on behalf of the Creditors in exercising any of its options, powers or rights, or partial or single exercise thereof, will constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, will be deemed to be made by the Trustee on behalf of the Creditors unless the same will be in writing, duly signed on behalf of the Trustee on behalf of the Creditors, and each such waiver, if any, will apply only with respect to the specific instance involved, and will in no way impair the rights of the Creditors or the liabilities of the Guarantor to the Creditors in any other respect at any other time.

7. **GUARANTEE OF ALL MONEYS BORROWED.** All moneys and credits in fact borrowed or obtained by the Debtors from the Creditors, will be deemed to form part of the Obligations notwithstanding any incapacity, disability or lack or limitation of status or power of any Debtor or of the directors, officers, employees, partners or agents thereof, or that any Debtor may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of such moneys or credits. Any amount which may not be recoverable from the Guarantor by the Trustee on behalf of the Creditors on the basis of a guarantee will be recoverable by the Trustee on behalf of the Creditors from the Guarantor as principal debtor in respect thereof and will be paid to the Trustee on behalf of the Creditors forthwith after demand therefor as herein provided.

8. **STAY OF ACCELERATION.** If acceleration of the time for payment of any amount payable by the Debtors in respect of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of any Debtor or any moratorium affecting the payment of the Obligations, all such amounts otherwise subject to acceleration will nonetheless be payable by the Guarantor hereunder forthwith on demand by the Trustee on behalf of the Creditors.

9. **REINSTATEMENT.** If, at any time, all or any part of any payment previously applied by the Trustee on behalf of the Creditors to any Obligation is or must be rescinded or returned by the Trustee on behalf of the Creditors for any reason whatsoever (including, without limitation, the insolvency, bankruptcy, or reorganization of the Debtors), such Obligation will, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Trustee, and this Guarantee will continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Trustee on behalf of the Creditors had not been made.

10. **NO SUBROGATION.** Notwithstanding any payment made by the Guarantor under this Guarantee or any setoff or application of funds of the Guarantor by the Trustee, the Guarantor will have no right of subrogation to, and waives, to the fullest extent permitted by law, any right to enforce any remedy which the Trustee on behalf of the Creditors now has or may hereafter have against the Debtors, until all of the Obligations have been indefeasibly paid in full; and until that time, the Guarantor waives any benefit of, and any right to participate in, any security, whether real or personal property, now or hereafter held by the Trustee on behalf of the Creditors for the Obligations.

11. **ASSIGNMENT AND POSTPONEMENT.** All present and future indebtedness and liability of the Debtors to the Guarantor is hereby assigned by the Guarantor to the Trustee and postponed to the Obligations and all moneys received by the Guarantor in respect thereof will be received in trust for and, unless prior written authorization from the Trustee to the contrary will have been obtained by the Guarantor, will be paid over to the Trustee on behalf of the Creditors upon demand by the Trustee. If the Trustee on behalf of the Creditors receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, the Guarantor will not be entitled to claim repayment against any Debtor until the Trustee's claims against the Debtors have been paid in full. In case of liquidation, winding up or bankruptcy of any Debtor (whether voluntary or involuntary) or if any Debtor will make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Trustee on behalf of the Creditors will have the right to rank for its full claims and receive all dividends or other payments in respect thereof in priority to the Guarantor until the claims of the Trustee on behalf of the Creditors have been paid in full, and the Guarantor will continue liable hereunder for any balance which may be owing to the Trustee by the Debtors. In the event of the valuation by the Trustee of any of its security and/or the retention thereof by the Trustee, such valuation and/or retention will not, as between the Trustee and the Guarantor, be considered as a purchase of such security, or as payment or satisfaction or reduction of the Obligations or any part thereof. The foregoing provisions of this Section 11 will not in any way limit or lessen the liability of the Guarantor under any other Section of this Guarantee.

12. **FOREIGN CURRENCY OBLIGATIONS.** The Guarantor will make payment relative to each Obligation in the currency (the "**Original Currency**") in which the Debtors are required

to pay such Obligation. If the Guarantor makes payment relative to any Obligation to the Trustee on behalf of the Creditors in a currency other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment will constitute a discharge of the liability of the Guarantor hereunder in respect of such Obligation only to the extent of the amount of the Original Currency which the Trustee on behalf of the Creditors is able to purchase at Toronto, Ontario with the amount it receives on the date of receipt. If the amount of the Original Currency which the Trustee on behalf of the Creditors is able to purchase is less than the amount of such currency originally due to it in respect to the relevant Obligation, the Guarantor will indemnify and save the Trustee on behalf of the Creditors harmless from and against any loss or damage arising as a result of such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained in this Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee on behalf of the Creditors and will continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.

13. TAXES AND SET-OFF BY GUARANTOR. All payments to be made by the Guarantor hereunder will be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor with respect to such payment will be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Trustee on behalf of the Creditors receives a net sum equal to the sum which it would have received had no deduction or withholding been required.

14. PAYMENT OF EXPENSES; INDEMNIFICATION. The Guarantor will pay on demand, and will indemnify and save the Trustee on behalf of the Creditors harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (a) incurred by the Trustee on behalf of the Creditors in the preparation, registration, administration or enforcement of this Guarantee, (b) with respect to, or resulting from, any failure or delay by the Guarantor in performing or observing any of its obligations under this Guarantee, or (c) incurred by the Trustee on behalf of the Creditors in performing or observing any of the other covenants of the Guarantor under this Guarantee.

15. ADDITIONAL SECURITY. This Guarantee is in addition and without prejudice to any security of any kind (including other guarantees) now or hereafter held by the Trustee on behalf of the Creditors and any other rights or remedies that the Trustee on behalf of the Creditors might have.

16. SET-OFF BY TRUSTEE. The Trustee on behalf of the Creditors may, to the fullest extent permitted by law, set-off and apply any and all deposits at any time held by the Trustee on behalf of the Creditors and any other indebtedness at any time owing by the Trustee on behalf of the Creditors to or for the credit or for the account of the Guarantor against any and all of the Obligations of the Guarantor now or hereafter existing under this Guarantee even if (a) the Trustee on behalf of the Creditors has not made any demand hereunder, (b) Obligations are contingent or

unmatured, or (c) the Obligations are not in the same currency as the offsetting deposits or indebtedness which may be owing by the Trustee on behalf of the Creditors.

17. **[RESERVED]**.

18. **RELEASE OF INFORMATION**. The Guarantor authorizes the Trustee on behalf of the Creditors to provide a copy of this Guarantee and such other information as may be requested of the Creditors by persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtors.

19. **APPLICABLE LAW AND ATTORNMENT**. This Guarantee shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, with respect to any suit, action or proceedings relating to this Guarantee, the Guarantor, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

20. **SUCCESSORS AND ASSIGNS**. This Guarantee will extend and enure to the benefit of the Trustee on behalf of the Creditors and its successors and assigns and will be binding upon the Guarantor and its successors. The Guarantor's obligations hereunder will not be assigned or delegated. The Trustee on behalf of the Creditors may from time to time, and without notice to or the consent of the Guarantor, assign or transfer all or any of the Obligations or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such Obligation or part thereof so transferred or assigned will remain an "Obligation" for the purposes of this Guarantee and any immediate and successive assignee or transferee of any Obligation or any interest therein will, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce, this Guarantee to the same extent as if such person were the Creditor.

21. **TIME**. Time is of the essence with respect to this Guarantee and the time for performance of the obligations of the Guarantor under this Guarantee may be strictly enforced by the Trustee on behalf of the Creditors.

22. **SEVERABILITY**. If any provision of this Guarantee is determined to be illegal, unconscionable or unenforceable, all other terms and provisions hereof will nevertheless remain effective and will be enforced to the fullest extent permitted by law.

23. **COMMUNICATION**. Any notice or other communication required or permitted to be given under this Guarantee shall be made in accordance with the terms of the A&R Debenture Indenture.

24. **REPRESENTATIONS AND WARRANTIES**. The Guarantor represents and warrants to the Creditors, upon each of which representations and warranties the Creditors specifically relies, as follows:

(1) **Litigation**. There is no litigation or governmental proceeding pending or, to its knowledge, threatened against the Guarantor which, if adversely determined, would materially adversely affect the financial condition of the Guarantor.

(2) Burdensome Provisions, etc. The Guarantor is not a party to any agreement or instrument, or subject to any corporate restriction or any judgment, order, writ, injunction, decree, award, rule or regulation, which materially adversely affects or, to its knowledge, in the future is likely to materially and adversely affect, its ability to issue the Guarantee or to perform its obligations under this Guarantee.

(3) Contingent Liabilities and Debt. The Guarantor has no contingent liabilities which are not disclosed on or referred to in the financial statements most recently delivered to the Trustee on behalf of the Creditors which would have a material adverse effect on its business or prospects.

(4) Full Disclosure. Neither the financial statements most recently delivered to the Trustee on behalf of the Creditors nor any other written statement furnished by or on behalf of and at the direction of the Guarantor to the Trustee on behalf of the Creditors in connection with the negotiation or consummation of the transactions as contemplated hereby contain, as of the time such statements were so furnished, any untrue statement of a material fact or omitted as of such time, a material fact necessary to make the statements contained therein not misleading, and all such statements, taken as a whole, together with this Guarantee, do not contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained herein or therein not misleading.

(5) Material Adverse Change. Since the date of the most recent financial statements delivered to the Trustee on behalf of the Creditors and except as otherwise disclosed to the Trustee on behalf of the Creditors in writing (i) there has been no material adverse change in the financial condition of the Guarantor as shown on its balance sheet as at that date; and (ii) the business, operations, properties, condition, financial or otherwise, or prospects of the Guarantor have not, so far as the Guarantor can reasonably foresee, been materially and adversely affected as a result of any act or event including, without limitation, fire, accident, strike, expropriation or act of any government in Canada or elsewhere.

(6) Consents. No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action, in respect of, any Person, governmental authority or agency is required on the part of the Guarantor in connection with the execution and delivery and enforcement of this Guarantee.

(7) Due Execution, etc. This Guarantee has been duly executed and delivered by or on behalf of the Guarantor and constitutes a valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as enforceability may be limited by any bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(8) No Default, etc. Neither the execution nor the delivery of this Guarantee, the consummation of the transactions herein contemplated, nor compliance with the terms, conditions and provisions hereof conflicts with or will conflict with, or results or will result in, any breach of, or constitutes a default under any of the provisions of any agreement or instrument to which the Guarantor is a party or by which the Guarantor, or any of its property or assets are bound or (except as contemplated by this Guarantee) results or will result in the creation or imposition of any

encumbrance upon any of the properties or assets of the Guarantor or results or will result in the contravention of any law or rule or regulation to which the Guarantor or its property or assets are subject and as a consequence of which the ability of the Guarantor to perform its obligations under this Guarantee is or would likely be adversely affected.

(9) Tax Returns. The Guarantor has filed all tax returns which are required to be filed and has paid all taxes which have become due as shown on such returns or any assessments received by the Guarantor where failure to do so would have a material adverse effect on the business, operations or financial condition of the Guarantor or its ability to perform its obligations under this Guarantee, except such taxes (if any) as are being contested in good faith by appropriate proceedings and for which a reserve reasonably satisfactory to the Trustee on behalf of the Creditors is provided; and the Guarantor is not aware of any proposed additional tax assessment against it.

25. TRUSTEE. Subject to any rights or remedies available to the Trustee and the Debentureholders under applicable law or otherwise, no holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing this Guarantee, unless: (a) such holder shall previously have given to the Trustee a written notice of the happening of an Event of Default (as defined in the A&R Debenture Indenture) hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

26. DEBTOR'S FINANCIAL CONDITION. The Guarantor is fully aware of the financial condition of the Debtors.

27. INTERPRETATION. Unless otherwise expressly provided in this Guarantee, if any matter in this Guarantee is subject to the consent or approval of the Trustee on behalf of the Creditors or is to be acceptable to the Trustee on behalf of the Creditors, such consent, approval or determination of acceptability will be in the sole discretion of the Trustee on behalf of the Creditors. If any provision in this Guarantee refers to any action taken or to be taken by the Guarantor, or which the Guarantor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Guarantee into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Guarantee. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Guarantee, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Guarantee to a "Section" means the relevant Section of this Guarantee. If more than one person executes this

Guarantee, their obligations under this Guarantee are joint and several. Any reference in this Guarantee to a "person" will be deemed to include an individual, corporation, partnership, trust, unincorporated organization, government and the heirs, executors, administrators or other legal representatives of an individual. All capitalized terms used herein without being otherwise defined herein shall have the meaning ascribed thereto in the A&R Debenture Indenture.

28. COUNTERPARTS. This Guarantee may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

29. COPY OF GUARANTEE. The Guarantor acknowledges receipt of an executed copy of this Guarantee.

[Signature page follows]

GUARANTOR CONFIRMS THAT IT HAS REVIEWED THE CONTENTS OF THIS GUARANTEE, THAT IT HAS HAD AN OPPORTUNITY TO SEEK THE ADVICE OF LEGAL AND OTHER COUNSEL PRIOR TO EXECUTING THIS GUARANTEE AND THAT IT HAS AVAILED ITSELF OF SUCH OPPORTUNITY AND OBTAINED WHATEVER ADVICE NECESSARY TO ENSURE THAT IT FULLY UNDERSTANDS AND APPRECIATES ITS RIGHTS AND OBLIGATIONS UNDER THIS GUARANTEE.

DATED as of the date first written above.

EMBLEM CORP.

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
F4E5FDC1EEE44E1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

GENERAL SECURITY AGREEMENT

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Ave, 8th Floor
Toronto, ON M5J 2Y1

Attention: General Manager, Corporate Trust Services
Email: NoticesCTmontreal@computershare.com

DATE: June 27, 2022

RECITALS:

A. Aleafia Health Inc. (the "**Debtor**") is, or may become, indebted or liable to Computershare Trust Company of Canada, in its capacity as trustee (the "**Trustee**"), and on behalf of the Debentureholders (collectively, the "**Creditors**") pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**") between the Debtor and the Trustee.

B. To secure the payment and performance of the Liabilities (as hereinafter defined), the Debtor has agreed to grant to the Trustee on behalf of the Creditors a security interest in the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditors as follows:

1. **Definitions.** In this Agreement, capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the A&R Debenture Indenture, and the following terms have the following meanings:

"**Accessions**", "**Account**", "**Chattel Paper**", "**Consumer Goods**", "**Document of Title**", "**Equipment**", "**Goods**", "**Instrument**", "**Intangible**", "**Inventory**", "**Investment Property**" and "**Proceeds**" have the meanings given to them in the PPSA.

"**Books and Records**" means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

"**Business Day**" means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the "Governing Law" section of this Agreement.

"**Collateral**" means all of the present and future undertaking and Personal Property (and specifically including any Personal Property that may be described in any Schedule to this

Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditors in connection with this Agreement) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located.

"Contracts" means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement.

"Default" means any "Event of Default" as defined in the A&R Debenture Indenture.

"Intellectual Property Rights" means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights.

"Liabilities" means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Debtor to the Creditors, under, in connection with or with respect to the A&R Debenture Indenture and the other Security Documents, and any unpaid balance thereof.

"Money" has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency.

"Permits" means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

"Personal Property" means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Investment Property.

"PPSA" means the Personal Property Security Act of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

"Receiver" means a receiver, a manager or a receiver and manager.

"Security Interest" means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. **Grant of Security Interest.** As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns (by way of security) to the Trustee on behalf of the Creditors, and grants to the Trustee on behalf of the Creditors a security interest in, the Collateral.

3. **Limitations on Grant of Security Interest.** If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditors and, on exercise by the Trustee on behalf of the Creditors of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Trustee. In addition, the Security Interests created by this Agreement do not attach to Consumer Goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditors and, on the exercise by the Trustee on behalf of the Creditors of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Trustee.

4. **Attachment; No Obligation to Advance.** The Debtor confirms that value has been given by the Creditors to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Trustee on behalf of the Creditors have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditors to advance any funds or any additional funds.

5. **Representations and Warranties.** The Debtor represents and warrants to the Creditors that, as of the date of this Agreement:

(a) **Places of Business, Name, Location of Collateral.** The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement. The location of all other existing places where the Debtor carries on business or keeps tangible Personal Property, the location of all jurisdictions in which account debtors of the Debtor are located, and the location of all real property owned by the Debtor, are set out in Schedule A to this Agreement.

(b) **Title; No Other Security Interests.** Except for Permitted Liens, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens.

(c) **Amount of Accounts.** The amount represented by the Debtor to the Trustee on behalf of the Creditors from time to time as owing by each account debtor or by all account debtors

in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Trustee on behalf of the Creditors at that time, will be owed free of any dispute, set-off or counterclaim.

(d) Authority; Consents. The Debtor has full power and authority to grant to the Trustee on behalf of the Creditors the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Trustee on behalf of the Creditors, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor and classified as Equipment is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All registrations and applications for registration pertaining to Intellectual Property Rights owned by the Debtor, and all other Intellectual Property Rights of the Debtor, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by the Trustee on behalf of the Creditors and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditors and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. **Covenants.** The Debtor covenants and agrees with the Creditors that:

(a) **Further Documentation.** The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Trustee on behalf of the Creditors may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Trustee on behalf of the Creditors will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Trustee on behalf of the Creditors authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) **Delivery of Certain Collateral.** Promptly upon request from time to time by the Trustee on behalf of the Creditors, the Debtor will deliver (or cause to be delivered) to the Trustee on behalf of the Creditors, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Trustee on behalf of the Creditors may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as the Trustee on behalf of the Creditors may specify in its request.

(c) **Payment of Expenses; Indemnification.** The Debtor will pay on demand, and will indemnify and save the Trustee harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Trustee in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its obligations under this Agreement, or (iii) incurred by the Trustee in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) **Maintenance of Records.** The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Trustee on behalf of the Creditors, the Debtor will mark any Collateral specified by the Trustee to evidence the existence of the Security Interests created by this Agreement.

(e) **Right of Inspection.** The Trustee on behalf of the Creditors may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The

Trustee on behalf of the Creditors may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Trustee with such clerical and other assistance as may be reasonably requested by the Trustee on behalf of the Creditors to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Trustee on behalf of the Creditors, and the Debtor will defend the right, title and interest of the Creditors in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Trustee's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditors, remain segregated from the property of the Debtor or any other Person and will be immediately paid to the Trustee on behalf of the Creditors.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditors, or (ii) fail to exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditors.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Trustee on behalf of the Creditors and will (i) contain a breach of warranty clause in favour of the Creditors, (ii) provide that no cancellation, material reduction in amount or material change in

coverage will be effective until at least 30 days after receipt of written notice thereof by the Trustee on behalf of the Creditors, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditors, and (iv) name the Trustee on behalf of the Creditors as loss payee as its interest may appear. The Debtor will, from time to time at the Trustee's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Trustee on behalf of the Creditors. If the Debtor does not obtain or maintain such insurance, the Trustee on behalf of the Creditors may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Trustee on behalf of the Creditors for all payments made by the Creditors in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditors nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Trustee on behalf of the Creditors such statements, schedules, permits and licenses further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Trustee on behalf of the Creditors may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Trustee promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Trustee on behalf of the Creditors) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless all filings have been made and all other actions taken that are required in order for the Creditors to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Trustee on behalf of the Creditors, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Trustee may request to evidence the Creditors' Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditors, become immediately due and payable and the security constituted by this Agreement will become

enforceable, and the Creditors may, personally or by agent, at such time or times as the Creditors in its sole discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditors at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditors to be assembled and made available and/or delivered to the Trustee on behalf of the Creditors at any place designated by the Creditors.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Trustee on behalf of the Creditors may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Trustee on behalf of the Creditors deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Trustee or elsewhere, on such terms and conditions as the Trustee may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery. The Debtor shall only be entitled to credit against the liability for money actually received by the Trustee on behalf of the Creditors, less the Trustee's costs and expenses of disposition. In no event shall the Debtor be entitled to credit for any deferred payment in respect of collateral realized by the Trustee on behalf of the Creditors.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. 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 the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Trustee on behalf of the Creditors, the Trustee may, for the purpose of making payment for all or any part of the Collateral so

purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Trustee on behalf of the Creditors and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Trustee and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Trustee on behalf of the Creditors deems appropriate in the circumstances. The Debtor shall give the Trustee any assistance requested by the Trustee with respect to such accounts as may be required to assess its value.

(k) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of the Trustee on behalf of the Creditors or its nominee, with or without disclosing that the Investment Property is subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if the Trustee were the absolute owner of such Investment Property.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Trustee for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Trustee on behalf of the Creditors for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Trustee under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Trustee on behalf of the Creditors will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Trustee.

(p) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) Consultants. Require the Debtor to engage a consultant of the Trustee's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Trustee and

to disclose to the Trustee any and all information obtained in the course of such consultant's employment.

The Trustee on behalf of the Creditors may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Trustee on behalf of the Creditors to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Trustee which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Trustee;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Trustee may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Trustee on behalf of the Creditors to exercise its rights and remedies under Section 8 when the Trustee is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Trustee an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Investment Property. The Trustee is authorized, in connection with any offer or sale of any Investment Property forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Investment Property. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Trustee will not be liable or accountable to the Debtor

for any discount allowed by reason of the fact that such Investment Property are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Trustee on behalf of the Creditors or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Trustee's rights under this Agreement), Security Interests in favour of Persons other than the Creditors, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Trustee or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of the Trustee, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Trustee considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Trustee's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Trustee and any officer or agent of the Trustee, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Trustee's discretion to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditors as secured party or any other Person on the Creditors' behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Trustee or such other Person considers appropriate.

14. Performance by Trustee of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Trustee may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Trustee incurred in connection with any such performance or compliance will be payable by the Debtor to the Trustee immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Trustee under this Agreement is not paid when due, the Debtor will pay to the Trustee, immediately on demand, interest on such amount from the date due until paid, at the highest annual rate applicable to the Liabilities from time to time, including default rates. All amounts payable by the Debtor to the Trustee under this Agreement, and all

interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) Limitations on Creditor's Liability. The Trustee will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Trustee, a Receiver nor any agent of the Trustee (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons in respect of any Collateral. Neither the Trustee nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Trustee or any Receiver) caused for any reason other than the gross negligence or willful misconduct of the Trustee or such Receiver.

(b) Debtor Remains Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Trustee will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Trustee of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Trustee will not be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) Collections on Accounts and Contracts. The Trustee hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Trustee at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and, in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Trustee if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditors, segregated from other funds of the Debtor or any other Person. All such amounts while held by the Trustee

on behalf of the Creditors (or by the Debtor in trust for the Creditors) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred, the Trustee may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Trustee may elect. At the Trustee's request, the Debtor will deliver to the Trustee any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) Analysis of Accounts. The Trustee will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Trustee may require in connection therewith. The Trustee may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Trustee's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Trustee reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Trustee. The Trustee will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Trustee may consider desirable. The Trustee may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Trustee may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Trustee under this Agreement. The powers conferred on the Trustee under this Agreement are solely to protect the interests of the Trustee in the Collateral and will not impose any duty upon the Trustee to exercise any such powers.

19. Communication. Any notice or other communication required or permitted to be given under this Agreement will be made in accordance with the terms of the A&R Debenture Indenture.

20. Release of Information. The Debtor authorizes the Trustee to provide a copy of this Agreement and such other information as may be requested of the Trustee by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waiver. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against any Creditor, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of the exercise by the Trustee, any Creditor or any Receiver of any rights or remedies under this Agreement, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

22. Alteration or Waiver and Indemnity. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument

executed by the Trustee. The Trustee will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Trustee, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Trustee of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Trustee would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor hereby indemnifies the Trustee from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or willful misconduct of the Trustee or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Trustee and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

23. Environmental License and Indemnity. The Debtor hereby grants to the Trustee on behalf of the Creditors and its employees and agents an irrevocable and non-exclusive license, subject to the rights of tenants, if any, to enter any of the premises of the Debtor to conduct audits, testing and monitoring with respect to hazardous substances and to remove and analyze any hazardous substance at the cost and expense of the Debtor (which cost and expense will form part of the Liabilities and will be payable immediately on demand and secured by the Security Interests created by this Agreement). The Debtor hereby indemnifies the Trustee and holds the Trustee harmless against and from all losses, costs, damages and expenses which the Trustee may sustain, incur or be or become liable at any time whatsoever for by reason of or arising from the past, present or future existence, clean-up, removal or disposal of any hazardous substance on or about any property owned or occupied by the Debtor or compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any premises owned or occupied by the Debtor or other affected lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

24. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

25. Applicable Law and Attornment. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, with respect to any suit, action

or proceedings relating to this Agreement, the Debtor, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

26. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Trustee or is to be acceptable to the Trustee, such consent, approval or determination of acceptability will be in the sole discretion of the Trustee. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

27. Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Agreement, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Agreement, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

28. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditors and their successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Trustee.

29. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

30. Counterparts. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[Signature page follows]

DATED as of the date first written above.

ALEAFIA HEALTH INC.

DocuSigned by:
Per: Tricia Symmes
04B88568E66C42B...
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEE44F1...
Name: Matthew Sale
Title: Chief Financial Officer

We have authority to bind the corporation.

SCHEDULE A

Location of Debtor's principal place of business

Ontario

Locations of Debtor's Real Property

None.

Locations where Debtor has Personal Property

378 South Service Road, Grimsby Ontario

20 Woodslee Avenue, Paris, Ontario

85 Basaltic Road, Concord, Ontario

2540 Regional Road 19, Blackstock, Ontario

6 Logy Bay Road, St. John's, Newfoundland

11 Lakeside Terrace, Lower Level 03, Little Lake Health Centre, Barrie, Ontario

1385 Bank Street, Suite 305, Kilborn Medical Centre, Ottawa, Ontario

117 King Street East, 3rd Floor, Oshawa, Ontario

Motor Vehicles and Other Serial Numbered Goods

2017 Ford F150 – 1FTEW1EF2HFA78134

2018 Honda CRV – 2HKRW2H25JH145661

Intellectual Property Owned by Debtor

None.

Jurisdictions of account debtors of the Debtor

N/A

GENERAL SECURITY AGREEMENT

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Ave, 8th Floor
Toronto, ON M5J 2Y1

Attention: General Manager, Corporate Trust Services
Email: NoticesCTmontreal@computershare.com

DATE: June 27, 2022

RECITALS:

A. Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to Computershare Trust Company of Canada, in its capacity as trustee (the "**Trustee**"), and on behalf of the Debentureholders (collectively, the "**Creditors**") pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**") between the Debtor and the Trustee.

B. To secure the payment and performance of the Liabilities (as hereinafter defined), Emblem Cannabis Corporation (the "**Debtor**") has agreed to execute and deliver a guarantee in favour of the Trustee, on behalf of the Creditors (as amended, supplemented, restated or replaced from time to time, the "**Guarantee**").

C. As a condition precedent to the issuance of the Debentures under the A&R Debenture Indenture, the Debtor is required to grant a security interest in the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditors as follows:

1. **Definitions.** In this Agreement, capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the A&R Debenture Indenture, and the following terms have the following meanings:

"**Accessions**", "**Account**", "**Chattel Paper**", "**Consumer Goods**", "**Document of Title**", "**Equipment**", "**Goods**", "**Instrument**", "**Intangible**", "**Inventory**", "**Investment Property**" and "**Proceeds**" have the meanings given to them in the PPSA.

"**Books and Records**" means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the "Governing Law" section of this Agreement.

"Collateral" means all of the present and future undertaking and Personal Property (and specifically including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditors in connection with this Agreement) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located.

"Contracts" means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement.

"Default" means any "Event of Default" as defined in the A&R Debenture Indenture.

"Intellectual Property Rights" means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights.

"Liabilities" means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Debtor to the Creditors, under, in connection with or with respect to the Guarantee and the other Security Documents, and any unpaid balance thereof.

"Money" has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency.

"Permits" means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

"Personal Property" means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Investment Property.

"PPSA" means the Personal Property Security Act of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

"Receiver" means a receiver, a manager or a receiver and manager.

"**Security Interest**" means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. Grant of Security Interest. As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns (by way of security) to the Trustee on behalf of the Creditors, and grants to the Trustee on behalf of the Creditors a security interest in, the Collateral.

3. Limitations on Grant of Security Interest. If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditors and, on exercise by the Trustee on behalf of the Creditors of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Trustee. In addition, the Security Interests created by this Agreement do not attach to Consumer Goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditors and, on the exercise by the Trustee on behalf of the Creditors of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Trustee.

4. Attachment; No Obligation to Advance. The Debtor confirms that value has been given by the Creditors to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Trustee on behalf of the Creditors have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditors to advance any funds or any additional funds.

5. Representations and Warranties. The Debtor represents and warrants to the Creditors that, as of the date of this Agreement:

(a) Places of Business, Name, Location of Collateral. The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement. The location of all other existing places where the Debtor carries on business or keeps tangible Personal Property, the location of all jurisdictions in which account debtors of the Debtor are located, and the location of all real property owned by the Debtor, are set out in Schedule A to this Agreement.

(b) Title; No Other Security Interests. Except for Permitted Liens, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security

agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens.

(c) Amount of Accounts. The amount represented by the Debtor to the Trustee on behalf of the Creditors from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Trustee on behalf of the Creditors at that time, will be owed free of any dispute, set-off or counterclaim.

(d) Authority; Consents. The Debtor has full power and authority to grant to the Trustee on behalf of the Creditors the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Trustee on behalf of the Creditors, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor and classified as Equipment is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All registrations and applications for registration pertaining to Intellectual Property Rights owned by the Debtor, and all other Intellectual Property Rights of the Debtor, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered

to have been relied on by the Trustee on behalf of the Creditors and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditors and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. **Covenants.** The Debtor covenants and agrees with the Creditors that:

(a) **Further Documentation.** The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Trustee on behalf of the Creditors may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Trustee on behalf of the Creditors will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Trustee on behalf of the Creditors authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) **Delivery of Certain Collateral.** Promptly upon request from time to time by the Trustee on behalf of the Creditors, the Debtor will deliver (or cause to be delivered) to the Trustee on behalf of the Creditors, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Trustee on behalf of the Creditors may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as the Trustee on behalf of the Creditors may specify in its request.

(c) **Payment of Expenses; Indemnification.** The Debtor will pay on demand, and will indemnify and save the Trustee harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Trustee in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its obligations under this Agreement, or (iii) incurred by the Trustee in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) **Maintenance of Records.** The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Trustee on behalf of the

Creditors, the Debtor will mark any Collateral specified by the Trustee to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Trustee on behalf of the Creditors may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Trustee on behalf of the Creditors may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Trustee with such clerical and other assistance as may be reasonably requested by the Trustee on behalf of the Creditors to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Trustee on behalf of the Creditors, and the Debtor will defend the right, title and interest of the Creditors in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Trustee's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditors, remain segregated from the property of the Debtor or any other Person and will be immediately paid to the Trustee on behalf of the Creditors.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditors, or (ii) fail to exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditors.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Trustee on behalf of the Creditors and will (i) contain a breach of warranty clause in favour of the Creditors, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Trustee on behalf of the Creditors, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditors, and (iv) name the Trustee on behalf of the Creditors as loss payee as its interest may appear. The Debtor will, from time to time at the Trustee's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Trustee on behalf of the Creditors. If the Debtor does not obtain or maintain such insurance, the Trustee on behalf of the Creditors may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Trustee on behalf of the Creditors for all payments made by the Creditors in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditors nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Trustee on behalf of the Creditors such statements, schedules, permits and licenses further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Trustee on behalf of the Creditors may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Trustee promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Trustee on behalf of the Creditors) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless all filings have been made and all other actions taken that are required in order for the Creditors to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Trustee on behalf of the Creditors, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Trustee may

request to evidence the Creditors' Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditors, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditors may, personally or by agent, at such time or times as the Creditors in its sole discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditors at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditors to be assembled and made available and/or delivered to the Trustee on behalf of the Creditors at any place designated by the Creditors.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Trustee on behalf of the Creditors may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Trustee on behalf of the Creditors deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Trustee or elsewhere, on such terms and conditions as the Trustee may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery. The Debtor shall only be entitled to credit against the liability for money actually received by the Trustee on behalf of the Creditors, less the Trustee's costs and expenses of disposition. In no event shall the Debtor be entitled to credit for any deferred payment in respect of collateral realized by the Trustee on behalf of the Creditors.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. 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 the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Trustee on behalf of the Creditors, the Trustee may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Trustee on behalf of the Creditors and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Trustee and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Trustee on behalf of the Creditors deems appropriate in the circumstances. The Debtor shall give the Trustee any assistance requested by the Trustee with respect to such accounts as may be required to assess its value.

(k) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of the Trustee on behalf of the Creditors or its nominee, with or without disclosing that the Investment Property is subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if the Trustee were the absolute owner of such Investment Property.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Trustee for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Trustee on behalf of the Creditors for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Trustee under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Trustee on behalf of the Creditors will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Trustee.

(p) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) Consultants. Require the Debtor to engage a consultant of the Trustee's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Trustee and to disclose to the Trustee any and all information obtained in the course of such consultant's employment.

The Trustee on behalf of the Creditors may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Trustee on behalf of the Creditors to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Trustee which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Trustee;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Trustee may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Trustee on behalf of the Creditors to exercise its rights and remedies under Section 8 when the Trustee is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Trustee an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Investment Property. The Trustee is authorized, in connection with any offer or sale of any Investment Property forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are

purchasing for their own account or investment and not with a view to the distribution or resale of such Investment Property. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Trustee will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Investment Property are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Trustee on behalf of the Creditors or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Trustee's rights under this Agreement), Security Interests in favour of Persons other than the Creditors, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Trustee or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of the Trustee, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Trustee considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Trustee's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Trustee and any officer or agent of the Trustee, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Trustee's discretion to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditors as secured party or any other Person on the Creditors' behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Trustee or such other Person considers appropriate.

14. Performance by Trustee of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Trustee may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Trustee incurred in connection with any such performance or compliance will be payable by the Debtor to the Trustee immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Trustee under this Agreement is not paid when due, the Debtor will pay to the Trustee, immediately on demand, interest on such amount from the date due until paid, at the highest annual rate applicable to the Liabilities from time to time, including default rates. All amounts payable by the Debtor to the Trustee under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) Limitations on Creditor's Liability. The Trustee will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Trustee, a Receiver nor any agent of the Trustee (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons in respect of any Collateral. Neither the Trustee nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Trustee or any Receiver) caused for any reason other than the gross negligence or willful misconduct of the Trustee or such Receiver.

(b) Debtor Remains Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Trustee will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Trustee of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Trustee will not be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) Collections on Accounts and Contracts. The Trustee hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Trustee at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and,

in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Trustee if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditors, segregated from other funds of the Debtor or any other Person. All such amounts while held by the Trustee on behalf of the Creditors (or by the Debtor in trust for the Creditors) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred, the Trustee may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Trustee may elect. At the Trustee's request, the Debtor will deliver to the Trustee any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) Analysis of Accounts. The Trustee will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Trustee may require in connection therewith. The Trustee may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Trustee's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Trustee reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Trustee. The Trustee will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Trustee may consider desirable. The Trustee may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Trustee may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Trustee under this Agreement. The powers conferred on the Trustee under this Agreement are solely to protect the interests of the Trustee in the Collateral and will not impose any duty upon the Trustee to exercise any such powers.

19. Communication. Any notice or other communication required or permitted to be given under this Agreement will be made in accordance with the terms of the A&R Debenture Indenture.

20. Release of Information. The Debtor authorizes the Trustee to provide a copy of this Agreement and such other information as may be requested of the Trustee by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waiver. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against any Creditor, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of the exercise by the Trustee, any Creditor or any Receiver of any rights or remedies under this Agreement, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a

secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

22. Alteration or Waiver and Indemnity. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Trustee. The Trustee will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Trustee, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Trustee of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Trustee would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor hereby indemnifies the Trustee from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or willful misconduct of the Trustee or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Trustee and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

23. Environmental License and Indemnity. The Debtor hereby grants to the Trustee on behalf of the Creditors and its employees and agents an irrevocable and non-exclusive license, subject to the rights of tenants, if any, to enter any of the premises of the Debtor to conduct audits, testing and monitoring with respect to hazardous substances and to remove and analyze any hazardous substance at the cost and expense of the Debtor (which cost and expense will form part of the Liabilities and will be payable immediately on demand and secured by the Security Interests created by this Agreement). The Debtor hereby indemnifies the Trustee and holds the Trustee harmless against and from all losses, costs, damages and expenses which the Trustee may sustain, incur or be or become liable at any time whatsoever for by reason of or arising from the past, present or future existence, clean-up, removal or disposal of any hazardous substance on or about any property owned or occupied by the Debtor or compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any premises owned or occupied by the Debtor or other affected lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

24. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include

the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

25. Applicable Law and Attornment. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, with respect to any suit, action or proceedings relating to this Agreement, the Debtor, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

26. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Trustee or is to be acceptable to the Trustee, such consent, approval or determination of acceptability will be in the sole discretion of the Trustee. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

27. Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Agreement, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Agreement, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

28. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditors and their successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Trustee.

29. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

30. Counterparts. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[Signature page follows]

DATED as of the date first written above.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Per: Tricia Symmes
01B88568ECC0C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

SCHEDULE A

Location of Debtor's principal place of business

Ontario

Locations of Debtor's Real Property

20 Woodslee Avenue, Paris, Ontario

Locations where Debtor has Personal Property

378 South Service Road, Grimsby Ontario

20 Woodslee Avenue, Paris, Ontario

85 Basaltic Road, Concord, Ontario

2540 Regional Road 19, Blackstock, Ontario

6 Logy Bay Road, St. John's, Newfoundland

11 Lakeside Terrace, Lower Level 03, Little Lake Health Centre, Barrie, Ontario

1385 Bank Street, Suite 305, Kilborn Medical Centre, Ottawa, Ontario

117 King Street East, 3rd Floor, Oshawa, Ontario

Motor Vehicles and Other Serial Numbered Goods

2017 Ford F150 – 1FTEW1EF2HFA78134

2018 Honda CRV – 2HKRW2H25JH145661

Intellectual Property Owned by Debtor

None.

Jurisdictions of account debtors of the Debtor

N/A

GENERAL SECURITY AGREEMENT

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Ave, 8th Floor
Toronto, ON M5J 2Y1

Attention: General Manager, Corporate Trust Services
Email: NoticesCTmontreal@computershare.com

DATE: June 27, 2022

RECITALS:

A. Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to Computershare Trust Company of Canada, in its capacity as trustee (the "**Trustee**"), and on behalf of the Debentureholders (collectively, the "**Creditors**") pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**") between the Debtor and the Trustee.

B. To secure the payment and performance of the Liabilities (as hereinafter defined), Aleafia Farms Inc. (the "**Debtor**") has agreed to execute and deliver a guarantee in favour of the Trustee, on behalf of the Creditors (as amended, supplemented, restated or replaced from time to time, the "**Guarantee**").

C. As a condition precedent to the issuance of the Debentures under the A&R Debenture Indenture, the Debtor is required to grant a security interest in the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditors as follows:

1. **Definitions.** In this Agreement, capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the A&R Debenture Indenture, and the following terms have the following meanings:

"**Accessions**", "**Account**", "**Chattel Paper**", "**Consumer Goods**", "**Document of Title**", "**Equipment**", "**Goods**", "**Instrument**", "**Intangible**", "**Inventory**", "**Investment Property**" and "**Proceeds**" have the meanings given to them in the PPSA.

"**Books and Records**" means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the "Governing Law" section of this Agreement.

"Collateral" means all of the present and future undertaking and Personal Property (and specifically including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditors in connection with this Agreement) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located.

"Contracts" means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement.

"Default" means any "Event of Default" as defined in the A&R Debenture Indenture.

"Intellectual Property Rights" means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights.

"Liabilities" means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Debtor to the Creditors, under, in connection with or with respect to the Guarantee and the other Security Documents, and any unpaid balance thereof.

"Money" has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency.

"Permits" means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

"Personal Property" means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Investment Property.

"PPSA" means the Personal Property Security Act of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

"Receiver" means a receiver, a manager or a receiver and manager.

"**Security Interest**" means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. Grant of Security Interest. As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns (by way of security) to the Trustee on behalf of the Creditors, and grants to the Trustee on behalf of the Creditors a security interest in, the Collateral.

3. Limitations on Grant of Security Interest. If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditors and, on exercise by the Trustee on behalf of the Creditors of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Trustee. In addition, the Security Interests created by this Agreement do not attach to Consumer Goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditors and, on the exercise by the Trustee on behalf of the Creditors of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Trustee.

4. Attachment; No Obligation to Advance. The Debtor confirms that value has been given by the Creditors to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Trustee on behalf of the Creditors have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditors to advance any funds or any additional funds.

5. Representations and Warranties. The Debtor represents and warrants to the Creditors that, as of the date of this Agreement:

(a) Places of Business, Name, Location of Collateral. The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement. The location of all other existing places where the Debtor carries on business or keeps tangible Personal Property, the location of all jurisdictions in which account debtors of the Debtor are located, and the location of all real property owned by the Debtor, are set out in Schedule A to this Agreement.

(b) Title; No Other Security Interests. Except for Permitted Liens, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security

agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens.

(c) Amount of Accounts. The amount represented by the Debtor to the Trustee on behalf of the Creditors from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Trustee on behalf of the Creditors at that time, will be owed free of any dispute, set-off or counterclaim.

(d) Authority; Consents. The Debtor has full power and authority to grant to the Trustee on behalf of the Creditors the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Trustee on behalf of the Creditors, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor and classified as Equipment is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All registrations and applications for registration pertaining to Intellectual Property Rights owned by the Debtor, and all other Intellectual Property Rights of the Debtor, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered

to have been relied on by the Trustee on behalf of the Creditors and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditors and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. **Covenants.** The Debtor covenants and agrees with the Creditors that:

(a) **Further Documentation.** The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Trustee on behalf of the Creditors may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Trustee on behalf of the Creditors will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Trustee on behalf of the Creditors authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) **Delivery of Certain Collateral.** Promptly upon request from time to time by the Trustee on behalf of the Creditors, the Debtor will deliver (or cause to be delivered) to the Trustee on behalf of the Creditors, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Trustee on behalf of the Creditors may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as the Trustee on behalf of the Creditors may specify in its request.

(c) **Payment of Expenses; Indemnification.** The Debtor will pay on demand, and will indemnify and save the Trustee harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Trustee in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its obligations under this Agreement, or (iii) incurred by the Trustee in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) **Maintenance of Records.** The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Trustee on behalf of the

Creditors, the Debtor will mark any Collateral specified by the Trustee to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Trustee on behalf of the Creditors may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Trustee on behalf of the Creditors may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Trustee with such clerical and other assistance as may be reasonably requested by the Trustee on behalf of the Creditors to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Trustee on behalf of the Creditors, and the Debtor will defend the right, title and interest of the Creditors in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Trustee's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditors, remain segregated from the property of the Debtor or any other Person and will be immediately paid to the Trustee on behalf of the Creditors.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditors, or (ii) fail to exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditors.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Trustee on behalf of the Creditors and will (i) contain a breach of warranty clause in favour of the Creditors, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Trustee on behalf of the Creditors, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditors, and (iv) name the Trustee on behalf of the Creditors as loss payee as its interest may appear. The Debtor will, from time to time at the Trustee's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Trustee on behalf of the Creditors. If the Debtor does not obtain or maintain such insurance, the Trustee on behalf of the Creditors may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Trustee on behalf of the Creditors for all payments made by the Creditors in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditors nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Trustee on behalf of the Creditors such statements, schedules, permits and licenses further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Trustee on behalf of the Creditors may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Trustee promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Trustee on behalf of the Creditors) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless all filings have been made and all other actions taken that are required in order for the Creditors to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Trustee on behalf of the Creditors, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Trustee may

request to evidence the Creditors' Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditors, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditors may, personally or by agent, at such time or times as the Creditors in its sole discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditors at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditors to be assembled and made available and/or delivered to the Trustee on behalf of the Creditors at any place designated by the Creditors.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Trustee on behalf of the Creditors may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Trustee on behalf of the Creditors deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Trustee or elsewhere, on such terms and conditions as the Trustee may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery. The Debtor shall only be entitled to credit against the liability for money actually received by the Trustee on behalf of the Creditors, less the Trustee's costs and expenses of disposition. In no event shall the Debtor be entitled to credit for any deferred payment in respect of collateral realized by the Trustee on behalf of the Creditors.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. 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 the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Trustee on behalf of the Creditors, the Trustee may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Trustee on behalf of the Creditors and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Trustee and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Trustee on behalf of the Creditors deems appropriate in the circumstances. The Debtor shall give the Trustee any assistance requested by the Trustee with respect to such accounts as may be required to assess its value.

(k) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of the Trustee on behalf of the Creditors or its nominee, with or without disclosing that the Investment Property is subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if the Trustee were the absolute owner of such Investment Property.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Trustee for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Trustee on behalf of the Creditors for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Trustee under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Trustee on behalf of the Creditors will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Trustee.

(p) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) Consultants. Require the Debtor to engage a consultant of the Trustee's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Trustee and to disclose to the Trustee any and all information obtained in the course of such consultant's employment.

The Trustee on behalf of the Creditors may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Trustee on behalf of the Creditors to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Trustee which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Trustee;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Trustee may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Trustee on behalf of the Creditors to exercise its rights and remedies under Section 8 when the Trustee is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Trustee an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Investment Property. The Trustee is authorized, in connection with any offer or sale of any Investment Property forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are

purchasing for their own account or investment and not with a view to the distribution or resale of such Investment Property. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Trustee will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Investment Property are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Trustee on behalf of the Creditors or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Trustee's rights under this Agreement), Security Interests in favour of Persons other than the Creditors, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Trustee or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of the Trustee, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Trustee considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Trustee's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Trustee and any officer or agent of the Trustee, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Trustee's discretion to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditors as secured party or any other Person on the Creditors' behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Trustee or such other Person considers appropriate.

14. Performance by Trustee of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Trustee may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Trustee incurred in connection with any such performance or compliance will be payable by the Debtor to the Trustee immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Trustee under this Agreement is not paid when due, the Debtor will pay to the Trustee, immediately on demand, interest on such amount from the date due until paid, at the highest annual rate applicable to the Liabilities from time to time, including default rates. All amounts payable by the Debtor to the Trustee under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) Limitations on Creditor's Liability. The Trustee will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Trustee, a Receiver nor any agent of the Trustee (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons in respect of any Collateral. Neither the Trustee nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Trustee or any Receiver) caused for any reason other than the gross negligence or willful misconduct of the Trustee or such Receiver.

(b) Debtor Remains Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Trustee will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Trustee of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Trustee will not be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) Collections on Accounts and Contracts. The Trustee hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Trustee at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and,

in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Trustee if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditors, segregated from other funds of the Debtor or any other Person. All such amounts while held by the Trustee on behalf of the Creditors (or by the Debtor in trust for the Creditors) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred, the Trustee may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Trustee may elect. At the Trustee's request, the Debtor will deliver to the Trustee any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) Analysis of Accounts. The Trustee will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Trustee may require in connection therewith. The Trustee may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Trustee's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Trustee reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Trustee. The Trustee will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Trustee may consider desirable. The Trustee may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Trustee may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Trustee under this Agreement. The powers conferred on the Trustee under this Agreement are solely to protect the interests of the Trustee in the Collateral and will not impose any duty upon the Trustee to exercise any such powers.

19. Communication. Any notice or other communication required or permitted to be given under this Agreement will be made in accordance with the terms of the A&R Debenture Indenture.

20. Release of Information. The Debtor authorizes the Trustee to provide a copy of this Agreement and such other information as may be requested of the Trustee by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waiver. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against any Creditor, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of the exercise by the Trustee, any Creditor or any Receiver of any rights or remedies under this Agreement, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a

secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

22. Alteration or Waiver and Indemnity. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Trustee. The Trustee will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Trustee, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Trustee of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Trustee would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor hereby indemnifies the Trustee from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or willful misconduct of the Trustee or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Trustee and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

23. Environmental License and Indemnity. The Debtor hereby grants to the Trustee on behalf of the Creditors and its employees and agents an irrevocable and non-exclusive license, subject to the rights of tenants, if any, to enter any of the premises of the Debtor to conduct audits, testing and monitoring with respect to hazardous substances and to remove and analyze any hazardous substance at the cost and expense of the Debtor (which cost and expense will form part of the Liabilities and will be payable immediately on demand and secured by the Security Interests created by this Agreement). The Debtor hereby indemnifies the Trustee and holds the Trustee harmless against and from all losses, costs, damages and expenses which the Trustee may sustain, incur or be or become liable at any time whatsoever for by reason of or arising from the past, present or future existence, clean-up, removal or disposal of any hazardous substance on or about any property owned or occupied by the Debtor or compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any premises owned or occupied by the Debtor or other affected lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

24. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include

the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

25. Applicable Law and Attornment. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, with respect to any suit, action or proceedings relating to this Agreement, the Debtor, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

26. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Trustee or is to be acceptable to the Trustee, such consent, approval or determination of acceptability will be in the sole discretion of the Trustee. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

27. Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Agreement, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Agreement, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

28. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditors and their successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Trustee.

29. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

30. Counterparts. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[Signature page follows]

DATED as of the date first written above.

ALEAFIA FARMS INC.

DocuSigned by:
Per: Tricia Symmes
01B88568ECC042B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E6FDC1EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

SCHEDULE A

Location of Debtor's principal place of business

Ontario

Locations of Debtor's Real Property

378 South Service Road, Grimsby Ontario

2560 Regional Road 19, Scugog Ontario

Locations where Debtor has Personal Property

378 South Service Road, Grimsby Ontario

20 Woodslee Avenue, Paris, Ontario

85 Basaltic Road, Concord, Ontario

2540 Regional Road 19, Blackstock, Ontario

6 Logy Bay Road, St. John's, Newfoundland

11 Lakeside Terrace, Lower Level 03, Little Lake Health Centre, Barrie, Ontario

1385 Bank Street, Suite 305, Kilborn Medical Centre, Ottawa, Ontario

117 King Street East, 3rd Floor, Oshawa, Ontario

Motor Vehicles and Other Serial Numbered Goods

2017 Ford F150 – 1FTEW1EF2HFA78134

2018 Honda CRV – 2HKRW2H25JH145661

Intellectual Property Owned by Debtor

None.

Jurisdictions of account debtors of the Debtor

N/A

GENERAL SECURITY AGREEMENT

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Ave, 8th Floor
Toronto, ON M5J 2Y1

Attention: General Manager, Corporate Trust Services
Email: NoticesCTmontreal@computershare.com

DATE: June 27, 2022

RECITALS:

A. Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to Computershare Trust Company of Canada, in its capacity as trustee (the "**Trustee**"), and on behalf of the Debentureholders (collectively, the "**Creditors**") pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**") between the Debtor and the Trustee.

B. To secure the payment and performance of the Liabilities (as hereinafter defined), Emblem Corp. (the "**Debtor**") has agreed to execute and deliver a guarantee in favour of the Trustee, on behalf of the Creditors (as amended, supplemented, restated or replaced from time to time, the "**Guarantee**").

C. As a condition precedent to the issuance of the Debentures under the A&R Debenture Indenture, the Debtor is required to grant a security interest in the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditors as follows:

1. **Definitions.** In this Agreement, capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the A&R Debenture Indenture, and the following terms have the following meanings:

"**Accessions**", "**Account**", "**Chattel Paper**", "**Consumer Goods**", "**Document of Title**", "**Equipment**", "**Goods**", "**Instrument**", "**Intangible**", "**Inventory**", "**Investment Property**" and "**Proceeds**" have the meanings given to them in the PPSA.

"**Books and Records**" means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the "Governing Law" section of this Agreement.

"Collateral" means all of the present and future undertaking and Personal Property (and specifically including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditors in connection with this Agreement) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located.

"Contracts" means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement.

"Default" means any "Event of Default" as defined in the A&R Debenture Indenture.

"Intellectual Property Rights" means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights.

"Liabilities" means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Debtor to the Creditors, under, in connection with or with respect to the Guarantee and the other Security Documents, and any unpaid balance thereof.

"Money" has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency.

"Permits" means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

"Personal Property" means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Investment Property.

"PPSA" means the Personal Property Security Act of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

"Receiver" means a receiver, a manager or a receiver and manager.

"**Security Interest**" means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. Grant of Security Interest. As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns (by way of security) to the Trustee on behalf of the Creditors, and grants to the Trustee on behalf of the Creditors a security interest in, the Collateral.

3. Limitations on Grant of Security Interest. If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditors and, on exercise by the Trustee on behalf of the Creditors of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Trustee. In addition, the Security Interests created by this Agreement do not attach to Consumer Goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditors and, on the exercise by the Trustee on behalf of the Creditors of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Trustee.

4. Attachment; No Obligation to Advance. The Debtor confirms that value has been given by the Creditors to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Trustee on behalf of the Creditors have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditors to advance any funds or any additional funds.

5. Representations and Warranties. The Debtor represents and warrants to the Creditors that, as of the date of this Agreement:

(a) Places of Business, Name, Location of Collateral. The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement. The location of all other existing places where the Debtor carries on business or keeps tangible Personal Property, the location of all jurisdictions in which account debtors of the Debtor are located, and the location of all real property owned by the Debtor, are set out in Schedule A to this Agreement.

(b) Title; No Other Security Interests. Except for Permitted Liens, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security

agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens.

(c) Amount of Accounts. The amount represented by the Debtor to the Trustee on behalf of the Creditors from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Trustee on behalf of the Creditors at that time, will be owed free of any dispute, set-off or counterclaim.

(d) Authority; Consents. The Debtor has full power and authority to grant to the Trustee on behalf of the Creditors the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Trustee on behalf of the Creditors, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor and classified as Equipment is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All registrations and applications for registration pertaining to Intellectual Property Rights owned by the Debtor, and all other Intellectual Property Rights of the Debtor, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered

to have been relied on by the Trustee on behalf of the Creditors and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditors and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. **Covenants.** The Debtor covenants and agrees with the Creditors that:

(a) **Further Documentation.** The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Trustee on behalf of the Creditors may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Trustee on behalf of the Creditors will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Trustee on behalf of the Creditors authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) **Delivery of Certain Collateral.** Promptly upon request from time to time by the Trustee on behalf of the Creditors, the Debtor will deliver (or cause to be delivered) to the Trustee on behalf of the Creditors, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Trustee on behalf of the Creditors may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as the Trustee on behalf of the Creditors may specify in its request.

(c) **Payment of Expenses; Indemnification.** The Debtor will pay on demand, and will indemnify and save the Trustee harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Trustee in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its obligations under this Agreement, or (iii) incurred by the Trustee in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) **Maintenance of Records.** The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Trustee on behalf of the

Creditors, the Debtor will mark any Collateral specified by the Trustee to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Trustee on behalf of the Creditors may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Trustee on behalf of the Creditors may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Trustee with such clerical and other assistance as may be reasonably requested by the Trustee on behalf of the Creditors to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Trustee on behalf of the Creditors, and the Debtor will defend the right, title and interest of the Creditors in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Trustee's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditors, remain segregated from the property of the Debtor or any other Person and will be immediately paid to the Trustee on behalf of the Creditors.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditors, or (ii) fail to exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditors.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Trustee on behalf of the Creditors and will (i) contain a breach of warranty clause in favour of the Creditors, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Trustee on behalf of the Creditors, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditors, and (iv) name the Trustee on behalf of the Creditors as loss payee as its interest may appear. The Debtor will, from time to time at the Trustee's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Trustee on behalf of the Creditors. If the Debtor does not obtain or maintain such insurance, the Trustee on behalf of the Creditors may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Trustee on behalf of the Creditors for all payments made by the Creditors in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditors nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Trustee on behalf of the Creditors such statements, schedules, permits and licenses further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Trustee on behalf of the Creditors may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Trustee promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Trustee on behalf of the Creditors) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless all filings have been made and all other actions taken that are required in order for the Creditors to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Trustee on behalf of the Creditors, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Trustee may

request to evidence the Creditors' Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditors, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditors may, personally or by agent, at such time or times as the Creditors in its sole discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditors at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditors to be assembled and made available and/or delivered to the Trustee on behalf of the Creditors at any place designated by the Creditors.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Trustee on behalf of the Creditors may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Trustee on behalf of the Creditors deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Trustee or elsewhere, on such terms and conditions as the Trustee may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery. The Debtor shall only be entitled to credit against the liability for money actually received by the Trustee on behalf of the Creditors, less the Trustee's costs and expenses of disposition. In no event shall the Debtor be entitled to credit for any deferred payment in respect of collateral realized by the Trustee on behalf of the Creditors.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. 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 the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Trustee on behalf of the Creditors, the Trustee may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Trustee on behalf of the Creditors and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Trustee and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Trustee on behalf of the Creditors deems appropriate in the circumstances. The Debtor shall give the Trustee any assistance requested by the Trustee with respect to such accounts as may be required to assess its value.

(k) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of the Trustee on behalf of the Creditors or its nominee, with or without disclosing that the Investment Property is subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if the Trustee were the absolute owner of such Investment Property.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Trustee for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Trustee on behalf of the Creditors for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Trustee under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Trustee on behalf of the Creditors will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Trustee.

(p) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) Consultants. Require the Debtor to engage a consultant of the Trustee's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Trustee and to disclose to the Trustee any and all information obtained in the course of such consultant's employment.

The Trustee on behalf of the Creditors may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Trustee on behalf of the Creditors to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Trustee which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Trustee;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Trustee may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Trustee on behalf of the Creditors to exercise its rights and remedies under Section 8 when the Trustee is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Trustee an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Investment Property. The Trustee is authorized, in connection with any offer or sale of any Investment Property forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are

purchasing for their own account or investment and not with a view to the distribution or resale of such Investment Property. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Trustee will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Investment Property are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Trustee on behalf of the Creditors or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Trustee's rights under this Agreement), Security Interests in favour of Persons other than the Creditors, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Trustee or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of the Trustee, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Trustee considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Trustee's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Trustee and any officer or agent of the Trustee, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Trustee's discretion to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditors as secured party or any other Person on the Creditors' behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Trustee or such other Person considers appropriate.

14. Performance by Trustee of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Trustee may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Trustee incurred in connection with any such performance or compliance will be payable by the Debtor to the Trustee immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Trustee under this Agreement is not paid when due, the Debtor will pay to the Trustee, immediately on demand, interest on such amount from the date due until paid, at the highest annual rate applicable to the Liabilities from time to time, including default rates. All amounts payable by the Debtor to the Trustee under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) Limitations on Creditor's Liability. The Trustee will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Trustee, a Receiver nor any agent of the Trustee (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons in respect of any Collateral. Neither the Trustee nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Trustee or any Receiver) caused for any reason other than the gross negligence or willful misconduct of the Trustee or such Receiver.

(b) Debtor Remains Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Trustee will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Trustee of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Trustee will not be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) Collections on Accounts and Contracts. The Trustee hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Trustee at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and,

in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Trustee if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditors, segregated from other funds of the Debtor or any other Person. All such amounts while held by the Trustee on behalf of the Creditors (or by the Debtor in trust for the Creditors) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred, the Trustee may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Trustee may elect. At the Trustee's request, the Debtor will deliver to the Trustee any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) Analysis of Accounts. The Trustee will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Trustee may require in connection therewith. The Trustee may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Trustee's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Trustee reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Trustee. The Trustee will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Trustee may consider desirable. The Trustee may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Trustee may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Trustee under this Agreement. The powers conferred on the Trustee under this Agreement are solely to protect the interests of the Trustee in the Collateral and will not impose any duty upon the Trustee to exercise any such powers.

19. Communication. Any notice or other communication required or permitted to be given under this Agreement will be made in accordance with the terms of the A&R Debenture Indenture.

20. Release of Information. The Debtor authorizes the Trustee to provide a copy of this Agreement and such other information as may be requested of the Trustee by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waiver. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against any Creditor, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of the exercise by the Trustee, any Creditor or any Receiver of any rights or remedies under this Agreement, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a

secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

22. Alteration or Waiver and Indemnity. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Trustee. The Trustee will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Trustee, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Trustee of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Trustee would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor hereby indemnifies the Trustee from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or willful misconduct of the Trustee or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Trustee and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

23. Environmental License and Indemnity. The Debtor hereby grants to the Trustee on behalf of the Creditors and its employees and agents an irrevocable and non-exclusive license, subject to the rights of tenants, if any, to enter any of the premises of the Debtor to conduct audits, testing and monitoring with respect to hazardous substances and to remove and analyze any hazardous substance at the cost and expense of the Debtor (which cost and expense will form part of the Liabilities and will be payable immediately on demand and secured by the Security Interests created by this Agreement). The Debtor hereby indemnifies the Trustee and holds the Trustee harmless against and from all losses, costs, damages and expenses which the Trustee may sustain, incur or be or become liable at any time whatsoever for by reason of or arising from the past, present or future existence, clean-up, removal or disposal of any hazardous substance on or about any property owned or occupied by the Debtor or compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any premises owned or occupied by the Debtor or other affected lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

24. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include

the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

25. Applicable Law and Attornment. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, with respect to any suit, action or proceedings relating to this Agreement, the Debtor, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

26. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Trustee or is to be acceptable to the Trustee, such consent, approval or determination of acceptability will be in the sole discretion of the Trustee. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

27. Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Agreement, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Agreement, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

28. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditors and their successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Trustee.

29. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

30. Counterparts. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[Signature page follows]

DATED as of the date first written above.

EMBLEM CORP.

DocuSigned by:
Per: Tricia Symmes
01B88568E69C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5EDC1EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

SCHEDULE A

Location of Debtor's principal place of business

Ontario

Locations of Debtor's Real Property

None.

Locations where Debtor has Personal Property

378 South Service Road, Grimsby Ontario

20 Woodslee Avenue, Paris, Ontario

85 Basaltic Road, Concord, Ontario

2540 Regional Road 19, Blackstock, Ontario

6 Logy Bay Road, St. John's, Newfoundland

11 Lakeside Terrace, Lower Level 03, Little Lake Health Centre, Barrie, Ontario

1385 Bank Street, Suite 305, Kilborn Medical Centre, Ottawa, Ontario

117 King Street East, 3rd Floor, Oshawa, Ontario

Motor Vehicles and Other Serial Numbered Goods

2017 Ford F150 – 1FTEW1EF2HFA78134

2018 Honda CRV – 2HKRW2H25JH145661

Intellectual Property Owned by Debtor

None.

Jurisdictions of account debtors of the Debtor

N/A

GENERAL SECURITY AGREEMENT

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Ave, 8th Floor
Toronto, ON M5J 2Y1

Attention: General Manager, Corporate Trust Services
Email: NoticesCTmontreal@computershare.com

DATE: June 27, 2022

RECITALS:

A. Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to Computershare Trust Company of Canada, in its capacity as trustee (the "**Trustee**"), and on behalf of the Debentureholders (collectively, the "**Creditors**") pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**") between the Debtor and the Trustee.

B. To secure the payment and performance of the Liabilities (as hereinafter defined), Canabo Medical Corporation (the "**Debtor**") has agreed to execute and deliver a guarantee in favour of the Trustee, on behalf of the Creditors (as amended, supplemented, restated or replaced from time to time, the "**Guarantee**").

C. As a condition precedent to the issuance of the Debentures under the A&R Debenture Indenture, the Debtor is required to grant a security interest in the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditors as follows:

1. **Definitions.** In this Agreement, capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the A&R Debenture Indenture, and the following terms have the following meanings:

"**Accessions**", "**Account**", "**Chattel Paper**", "**Consumer Goods**", "**Document of Title**", "**Equipment**", "**Goods**", "**Instrument**", "**Intangible**", "**Inventory**", "**Investment Property**" and "**Proceeds**" have the meanings given to them in the PPSA.

"**Books and Records**" means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the "Governing Law" section of this Agreement.

"Collateral" means all of the present and future undertaking and Personal Property (and specifically including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditors in connection with this Agreement) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located.

"Contracts" means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement.

"Default" means any "Event of Default" as defined in the A&R Debenture Indenture.

"Intellectual Property Rights" means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights.

"Liabilities" means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Debtor to the Creditors, under, in connection with or with respect to the Guarantee and the other Security Documents, and any unpaid balance thereof.

"Money" has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency.

"Permits" means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

"Personal Property" means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Investment Property.

"PPSA" means the Personal Property Security Act of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

"Receiver" means a receiver, a manager or a receiver and manager.

"**Security Interest**" means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. Grant of Security Interest. As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns (by way of security) to the Trustee on behalf of the Creditors, and grants to the Trustee on behalf of the Creditors a security interest in, the Collateral.

3. Limitations on Grant of Security Interest. If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditors and, on exercise by the Trustee on behalf of the Creditors of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Trustee. In addition, the Security Interests created by this Agreement do not attach to Consumer Goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditors and, on the exercise by the Trustee on behalf of the Creditors of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Trustee.

4. Attachment; No Obligation to Advance. The Debtor confirms that value has been given by the Creditors to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Trustee on behalf of the Creditors have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditors to advance any funds or any additional funds.

5. Representations and Warranties. The Debtor represents and warrants to the Creditors that, as of the date of this Agreement:

(a) Places of Business, Name, Location of Collateral. The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement. The location of all other existing places where the Debtor carries on business or keeps tangible Personal Property, the location of all jurisdictions in which account debtors of the Debtor are located, and the location of all real property owned by the Debtor, are set out in Schedule A to this Agreement.

(b) Title; No Other Security Interests. Except for Permitted Liens, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security

agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens.

(c) Amount of Accounts. The amount represented by the Debtor to the Trustee on behalf of the Creditors from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Trustee on behalf of the Creditors at that time, will be owed free of any dispute, set-off or counterclaim.

(d) Authority; Consents. The Debtor has full power and authority to grant to the Trustee on behalf of the Creditors the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Trustee on behalf of the Creditors, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor and classified as Equipment is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All registrations and applications for registration pertaining to Intellectual Property Rights owned by the Debtor, and all other Intellectual Property Rights of the Debtor, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered

to have been relied on by the Trustee on behalf of the Creditors and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditors and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. **Covenants.** The Debtor covenants and agrees with the Creditors that:

(a) **Further Documentation.** The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Trustee on behalf of the Creditors may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Trustee on behalf of the Creditors will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Trustee on behalf of the Creditors authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) **Delivery of Certain Collateral.** Promptly upon request from time to time by the Trustee on behalf of the Creditors, the Debtor will deliver (or cause to be delivered) to the Trustee on behalf of the Creditors, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Trustee on behalf of the Creditors may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as the Trustee on behalf of the Creditors may specify in its request.

(c) **Payment of Expenses; Indemnification.** The Debtor will pay on demand, and will indemnify and save the Trustee harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Trustee in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its obligations under this Agreement, or (iii) incurred by the Trustee in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) **Maintenance of Records.** The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Trustee on behalf of the

Creditors, the Debtor will mark any Collateral specified by the Trustee to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Trustee on behalf of the Creditors may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Trustee on behalf of the Creditors may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Trustee with such clerical and other assistance as may be reasonably requested by the Trustee on behalf of the Creditors to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Trustee on behalf of the Creditors, and the Debtor will defend the right, title and interest of the Creditors in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Trustee's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditors, remain segregated from the property of the Debtor or any other Person and will be immediately paid to the Trustee on behalf of the Creditors.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditors, or (ii) fail to exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditors.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Trustee on behalf of the Creditors and will (i) contain a breach of warranty clause in favour of the Creditors, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Trustee on behalf of the Creditors, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditors, and (iv) name the Trustee on behalf of the Creditors as loss payee as its interest may appear. The Debtor will, from time to time at the Trustee's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Trustee on behalf of the Creditors. If the Debtor does not obtain or maintain such insurance, the Trustee on behalf of the Creditors may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Trustee on behalf of the Creditors for all payments made by the Creditors in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditors nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Trustee on behalf of the Creditors such statements, schedules, permits and licenses further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Trustee on behalf of the Creditors may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Trustee promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Trustee on behalf of the Creditors) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless all filings have been made and all other actions taken that are required in order for the Creditors to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Trustee on behalf of the Creditors, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Trustee may

request to evidence the Creditors' Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditors, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditors may, personally or by agent, at such time or times as the Creditors in its sole discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditors at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditors to be assembled and made available and/or delivered to the Trustee on behalf of the Creditors at any place designated by the Creditors.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Trustee on behalf of the Creditors may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Trustee on behalf of the Creditors deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Trustee or elsewhere, on such terms and conditions as the Trustee may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery. The Debtor shall only be entitled to credit against the liability for money actually received by the Trustee on behalf of the Creditors, less the Trustee's costs and expenses of disposition. In no event shall the Debtor be entitled to credit for any deferred payment in respect of collateral realized by the Trustee on behalf of the Creditors.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. 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 the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Trustee on behalf of the Creditors, the Trustee may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Trustee on behalf of the Creditors and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Trustee and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Trustee on behalf of the Creditors deems appropriate in the circumstances. The Debtor shall give the Trustee any assistance requested by the Trustee with respect to such accounts as may be required to assess its value.

(k) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of the Trustee on behalf of the Creditors or its nominee, with or without disclosing that the Investment Property is subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if the Trustee were the absolute owner of such Investment Property.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Trustee for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Trustee on behalf of the Creditors for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Trustee under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Trustee on behalf of the Creditors will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Trustee.

(p) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) Consultants. Require the Debtor to engage a consultant of the Trustee's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Trustee and to disclose to the Trustee any and all information obtained in the course of such consultant's employment.

The Trustee on behalf of the Creditors may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Trustee on behalf of the Creditors to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Trustee which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Trustee;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Trustee may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Trustee on behalf of the Creditors to exercise its rights and remedies under Section 8 when the Trustee is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Trustee an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Investment Property. The Trustee is authorized, in connection with any offer or sale of any Investment Property forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are

purchasing for their own account or investment and not with a view to the distribution or resale of such Investment Property. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Trustee will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Investment Property are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Trustee on behalf of the Creditors or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Trustee's rights under this Agreement), Security Interests in favour of Persons other than the Creditors, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Trustee or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of the Trustee, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Trustee considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Trustee's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Trustee and any officer or agent of the Trustee, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Trustee's discretion to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditors as secured party or any other Person on the Creditors' behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Trustee or such other Person considers appropriate.

14. Performance by Trustee of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Trustee may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Trustee incurred in connection with any such performance or compliance will be payable by the Debtor to the Trustee immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Trustee under this Agreement is not paid when due, the Debtor will pay to the Trustee, immediately on demand, interest on such amount from the date due until paid, at the highest annual rate applicable to the Liabilities from time to time, including default rates. All amounts payable by the Debtor to the Trustee under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) Limitations on Creditor's Liability. The Trustee will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Trustee, a Receiver nor any agent of the Trustee (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons in respect of any Collateral. Neither the Trustee nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Trustee or any Receiver) caused for any reason other than the gross negligence or willful misconduct of the Trustee or such Receiver.

(b) Debtor Remains Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Trustee will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Trustee of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Trustee will not be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) Collections on Accounts and Contracts. The Trustee hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Trustee at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and,

in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Trustee if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditors, segregated from other funds of the Debtor or any other Person. All such amounts while held by the Trustee on behalf of the Creditors (or by the Debtor in trust for the Creditors) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred, the Trustee may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Trustee may elect. At the Trustee's request, the Debtor will deliver to the Trustee any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) Analysis of Accounts. The Trustee will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Trustee may require in connection therewith. The Trustee may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Trustee's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Trustee reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Trustee. The Trustee will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Trustee may consider desirable. The Trustee may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Trustee may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Trustee under this Agreement. The powers conferred on the Trustee under this Agreement are solely to protect the interests of the Trustee in the Collateral and will not impose any duty upon the Trustee to exercise any such powers.

19. Communication. Any notice or other communication required or permitted to be given under this Agreement will be made in accordance with the terms of the A&R Debenture Indenture.

20. Release of Information. The Debtor authorizes the Trustee to provide a copy of this Agreement and such other information as may be requested of the Trustee by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waiver. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against any Creditor, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of the exercise by the Trustee, any Creditor or any Receiver of any rights or remedies under this Agreement, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a

secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

22. Alteration or Waiver and Indemnity. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Trustee. The Trustee will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Trustee, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Trustee of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Trustee would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor hereby indemnifies the Trustee from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or willful misconduct of the Trustee or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Trustee and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

23. Environmental License and Indemnity. The Debtor hereby grants to the Trustee on behalf of the Creditors and its employees and agents an irrevocable and non-exclusive license, subject to the rights of tenants, if any, to enter any of the premises of the Debtor to conduct audits, testing and monitoring with respect to hazardous substances and to remove and analyze any hazardous substance at the cost and expense of the Debtor (which cost and expense will form part of the Liabilities and will be payable immediately on demand and secured by the Security Interests created by this Agreement). The Debtor hereby indemnifies the Trustee and holds the Trustee harmless against and from all losses, costs, damages and expenses which the Trustee may sustain, incur or be or become liable at any time whatsoever for by reason of or arising from the past, present or future existence, clean-up, removal or disposal of any hazardous substance on or about any property owned or occupied by the Debtor or compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any premises owned or occupied by the Debtor or other affected lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

24. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include

the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

25. Applicable Law and Attornment. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, with respect to any suit, action or proceedings relating to this Agreement, the Debtor, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

26. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Trustee or is to be acceptable to the Trustee, such consent, approval or determination of acceptability will be in the sole discretion of the Trustee. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

27. Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Agreement, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Agreement, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

28. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditors and their successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Trustee.

29. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

30. Counterparts. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[Signature page follows]

DATED as of the date first written above.

CANABO MEDICAL CORPORATION

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E6FDC1EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

SCHEDULE A

Location of Debtor's principal place of business

Ontario

Locations of Debtor's Real Property

None.

Location where Debtor has Personal Property

378 South Service Road, Grimsby Ontario

20 Woodslee Avenue, Paris, Ontario

85 Basaltic Road, Concord, Ontario

2540 Regional Road 19, Blackstock, Ontario

6 Logy Bay Road, St. John's, Newfoundland

11 Lakeside Terrace, Lower Level 03, Little Lake Health Centre, Barrie, Ontario

1385 Bank Street, Suite 305, Kilborn Medical Centre, Ottawa, Ontario

117 King Street East, 3rd Floor, Oshawa, Ontario

Motor Vehicles and Other Serial Numbered Goods

2017 Ford F150 – 1FTEW1EF2HFA78134

2018 Honda CRV – 2HKRW2H25JH145661

Intellectual Property Owned by Debtor

None.

Jurisdictions of account debtors of the Debtor

N/A

GENERAL SECURITY AGREEMENT

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Ave, 8th Floor
Toronto, ON M5J 2Y1

Attention: General Manager, Corporate Trust Services
Email: NoticesCTmontreal@computershare.com

DATE: June 27, 2022

RECITALS:

A. Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to Computershare Trust Company of Canada, in its capacity as trustee (the "**Trustee**"), and on behalf of the Debentureholders (collectively, the "**Creditors**") pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**") between the Debtor and the Trustee.

B. To secure the payment and performance of the Liabilities (as hereinafter defined), Aleafia Inc. (the "**Debtor**") has agreed to execute and deliver a guarantee in favour of the Trustee, on behalf of the Creditors (as amended, supplemented, restated or replaced from time to time, the "**Guarantee**").

C. As a condition precedent to the issuance of the Debentures under the A&R Debenture Indenture, the Debtor is required to grant a security interest in the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditors as follows:

1. **Definitions.** In this Agreement, capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the A&R Debenture Indenture, and the following terms have the following meanings:

"**Accessions**", "**Account**", "**Chattel Paper**", "**Consumer Goods**", "**Document of Title**", "**Equipment**", "**Goods**", "**Instrument**", "**Intangible**", "**Inventory**", "**Investment Property**" and "**Proceeds**" have the meanings given to them in the PPSA.

"**Books and Records**" means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the "Governing Law" section of this Agreement.

"Collateral" means all of the present and future undertaking and Personal Property (and specifically including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditors in connection with this Agreement) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located.

"Contracts" means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement.

"Default" means any "Event of Default" as defined in the A&R Debenture Indenture.

"Intellectual Property Rights" means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights.

"Liabilities" means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or not) of the Debtor to the Creditors, under, in connection with or with respect to the Guarantee and the other Security Documents, and any unpaid balance thereof.

"Money" has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency.

"Permits" means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

"Personal Property" means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Investment Property.

"PPSA" means the Personal Property Security Act of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

"Receiver" means a receiver, a manager or a receiver and manager.

"**Security Interest**" means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. Grant of Security Interest. As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns (by way of security) to the Trustee on behalf of the Creditors, and grants to the Trustee on behalf of the Creditors a security interest in, the Collateral.

3. Limitations on Grant of Security Interest. If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditors and, on exercise by the Trustee on behalf of the Creditors of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Trustee. In addition, the Security Interests created by this Agreement do not attach to Consumer Goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditors and, on the exercise by the Trustee on behalf of the Creditors of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Trustee.

4. Attachment; No Obligation to Advance. The Debtor confirms that value has been given by the Creditors to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Trustee on behalf of the Creditors have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditors to advance any funds or any additional funds.

5. Representations and Warranties. The Debtor represents and warrants to the Creditors that, as of the date of this Agreement:

(a) Places of Business, Name, Location of Collateral. The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement. The location of all other existing places where the Debtor carries on business or keeps tangible Personal Property, the location of all jurisdictions in which account debtors of the Debtor are located, and the location of all real property owned by the Debtor, are set out in Schedule A to this Agreement.

(b) Title; No Other Security Interests. Except for Permitted Liens, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security

agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens.

(c) Amount of Accounts. The amount represented by the Debtor to the Trustee on behalf of the Creditors from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Trustee on behalf of the Creditors at that time, will be owed free of any dispute, set-off or counterclaim.

(d) Authority; Consents. The Debtor has full power and authority to grant to the Trustee on behalf of the Creditors the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Trustee on behalf of the Creditors, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor and classified as Equipment is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All registrations and applications for registration pertaining to Intellectual Property Rights owned by the Debtor, and all other Intellectual Property Rights of the Debtor, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered

to have been relied on by the Trustee on behalf of the Creditors and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditors and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. **Covenants.** The Debtor covenants and agrees with the Creditors that:

(a) **Further Documentation.** The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Trustee on behalf of the Creditors may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Trustee on behalf of the Creditors will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Trustee on behalf of the Creditors authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) **Delivery of Certain Collateral.** Promptly upon request from time to time by the Trustee on behalf of the Creditors, the Debtor will deliver (or cause to be delivered) to the Trustee on behalf of the Creditors, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Trustee on behalf of the Creditors may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as the Trustee on behalf of the Creditors may specify in its request.

(c) **Payment of Expenses; Indemnification.** The Debtor will pay on demand, and will indemnify and save the Trustee harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Trustee in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its obligations under this Agreement, or (iii) incurred by the Trustee in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) **Maintenance of Records.** The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Trustee on behalf of the

Creditors, the Debtor will mark any Collateral specified by the Trustee to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Trustee on behalf of the Creditors may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Trustee on behalf of the Creditors may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Trustee with such clerical and other assistance as may be reasonably requested by the Trustee on behalf of the Creditors to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Trustee on behalf of the Creditors, and the Debtor will defend the right, title and interest of the Creditors in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Trustee's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditors, remain segregated from the property of the Debtor or any other Person and will be immediately paid to the Trustee on behalf of the Creditors.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditors, or (ii) fail to exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditors.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Trustee on behalf of the Creditors and will (i) contain a breach of warranty clause in favour of the Creditors, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Trustee on behalf of the Creditors, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditors, and (iv) name the Trustee on behalf of the Creditors as loss payee as its interest may appear. The Debtor will, from time to time at the Trustee's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Trustee on behalf of the Creditors. If the Debtor does not obtain or maintain such insurance, the Trustee on behalf of the Creditors may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Trustee on behalf of the Creditors for all payments made by the Creditors in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditors nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Trustee on behalf of the Creditors such statements, schedules, permits and licenses further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Trustee on behalf of the Creditors may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Trustee promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Trustee on behalf of the Creditors) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless all filings have been made and all other actions taken that are required in order for the Creditors to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Trustee on behalf of the Creditors, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Trustee may

request to evidence the Creditors' Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditors, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditors may, personally or by agent, at such time or times as the Creditors in its sole discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditors at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditors to be assembled and made available and/or delivered to the Trustee on behalf of the Creditors at any place designated by the Creditors.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Trustee on behalf of the Creditors may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Trustee on behalf of the Creditors deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Trustee or elsewhere, on such terms and conditions as the Trustee may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery. The Debtor shall only be entitled to credit against the liability for money actually received by the Trustee on behalf of the Creditors, less the Trustee's costs and expenses of disposition. In no event shall the Debtor be entitled to credit for any deferred payment in respect of collateral realized by the Trustee on behalf of the Creditors.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. 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 the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Trustee on behalf of the Creditors, the Trustee may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Trustee on behalf of the Creditors and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Trustee and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Trustee on behalf of the Creditors deems appropriate in the circumstances. The Debtor shall give the Trustee any assistance requested by the Trustee with respect to such accounts as may be required to assess its value.

(k) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of the Trustee on behalf of the Creditors or its nominee, with or without disclosing that the Investment Property is subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if the Trustee were the absolute owner of such Investment Property.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Trustee for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Trustee on behalf of the Creditors for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Trustee under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Trustee on behalf of the Creditors will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Trustee.

(p) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) Consultants. Require the Debtor to engage a consultant of the Trustee's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Trustee and to disclose to the Trustee any and all information obtained in the course of such consultant's employment.

The Trustee on behalf of the Creditors may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Trustee on behalf of the Creditors to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Trustee which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Trustee;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Trustee may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Trustee on behalf of the Creditors to exercise its rights and remedies under Section 8 when the Trustee is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Trustee an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Investment Property. The Trustee is authorized, in connection with any offer or sale of any Investment Property forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are

purchasing for their own account or investment and not with a view to the distribution or resale of such Investment Property. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Trustee will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Investment Property are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Trustee on behalf of the Creditors or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Trustee's rights under this Agreement), Security Interests in favour of Persons other than the Creditors, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Trustee or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of the Trustee, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Trustee considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Trustee's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Trustee and any officer or agent of the Trustee, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Trustee's discretion to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditors as secured party or any other Person on the Creditors' behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Trustee or such other Person considers appropriate.

14. Performance by Trustee of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Trustee may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Trustee incurred in connection with any such performance or compliance will be payable by the Debtor to the Trustee immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Trustee under this Agreement is not paid when due, the Debtor will pay to the Trustee, immediately on demand, interest on such amount from the date due until paid, at the highest annual rate applicable to the Liabilities from time to time, including default rates. All amounts payable by the Debtor to the Trustee under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) Limitations on Creditor's Liability. The Trustee will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Trustee, a Receiver nor any agent of the Trustee (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons in respect of any Collateral. Neither the Trustee nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Trustee or any Receiver) caused for any reason other than the gross negligence or willful misconduct of the Trustee or such Receiver.

(b) Debtor Remains Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Trustee will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Trustee of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Trustee will not be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) Collections on Accounts and Contracts. The Trustee hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Trustee at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and,

in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Trustee if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditors, segregated from other funds of the Debtor or any other Person. All such amounts while held by the Trustee on behalf of the Creditors (or by the Debtor in trust for the Creditors) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred, the Trustee may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Trustee may elect. At the Trustee's request, the Debtor will deliver to the Trustee any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) Analysis of Accounts. The Trustee will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Trustee may require in connection therewith. The Trustee may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Trustee's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Trustee reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Trustee. The Trustee will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Trustee may consider desirable. The Trustee may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Trustee may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Trustee under this Agreement. The powers conferred on the Trustee under this Agreement are solely to protect the interests of the Trustee in the Collateral and will not impose any duty upon the Trustee to exercise any such powers.

19. Communication. Any notice or other communication required or permitted to be given under this Agreement will be made in accordance with the terms of the A&R Debenture Indenture.

20. Release of Information. The Debtor authorizes the Trustee to provide a copy of this Agreement and such other information as may be requested of the Trustee by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waiver. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against any Creditor, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of the exercise by the Trustee, any Creditor or any Receiver of any rights or remedies under this Agreement, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a

secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

22. Alteration or Waiver and Indemnity. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Trustee. The Trustee will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Trustee, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Trustee of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Trustee would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor hereby indemnifies the Trustee from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or willful misconduct of the Trustee or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Trustee and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

23. Environmental License and Indemnity. The Debtor hereby grants to the Trustee on behalf of the Creditors and its employees and agents an irrevocable and non-exclusive license, subject to the rights of tenants, if any, to enter any of the premises of the Debtor to conduct audits, testing and monitoring with respect to hazardous substances and to remove and analyze any hazardous substance at the cost and expense of the Debtor (which cost and expense will form part of the Liabilities and will be payable immediately on demand and secured by the Security Interests created by this Agreement). The Debtor hereby indemnifies the Trustee and holds the Trustee harmless against and from all losses, costs, damages and expenses which the Trustee may sustain, incur or be or become liable at any time whatsoever for by reason of or arising from the past, present or future existence, clean-up, removal or disposal of any hazardous substance on or about any property owned or occupied by the Debtor or compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any premises owned or occupied by the Debtor or other affected lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

24. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include

the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

25. Applicable Law and Attornment. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, with respect to any suit, action or proceedings relating to this Agreement, the Debtor, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

26. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Trustee or is to be acceptable to the Trustee, such consent, approval or determination of acceptability will be in the sole discretion of the Trustee. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

27. Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Agreement, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Agreement, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

28. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditors and their successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Trustee.

29. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

30. Counterparts. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[Signature page follows]

DATED as of the date first written above.

ALEAFIA INC.

DocuSigned by:
Per: Tricia Symmes
01B88568E66C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

SCHEDULE A

Location of Debtor's principal place of business

Ontario

Locations of Debtor's Real Property

None.

Location where Debtor has Personal Property

378 South Service Road, Grimsby Ontario

20 Woodslee Avenue, Paris, Ontario

85 Basaltic Road, Concord, Ontario

2540 Regional Road 19, Blackstock, Ontario

6 Logy Bay Road, St. John's, Newfoundland

11 Lakeside Terrace, Lower Level 03, Little Lake Health Centre, Barrie, Ontario

1385 Bank Street, Suite 305, Kilborn Medical Centre, Ottawa, Ontario

117 King Street East, 3rd Floor, Oshawa, Ontario

Motor Vehicles and Other Serial Numbered Goods

2017 Ford F150 – 1FTEW1EF2HFA78134

2018 Honda CRV – 2HKRW2H25JH145661

Intellectual Property Owned by Debtor

None.

Jurisdictions of account debtors of the Debtor

N/A

48835074.3

ENVIRONMENTAL WARRANTY AND INDEMNITY

TO: COMPUTERSHARE TRUST COMPANY OF CANADA

RE: Amended and Restated Debenture Indenture dated as of the date hereof granted by Aleafia Health Inc. in favour of Computershare Trust Company, in its capacity as trustee (the "Trustee") on behalf of the Debentureholders (as amended, supplemented, restated or replaced from time to time, the "A&R Debenture Indenture").

DATE: June 27, 2022

WHEREAS in connection with the A&R Debenture Indenture, the undersigned have or will provide security (the "**Security**") to the Trustee, including without limitation, a charge/mortgage of land over the lands described in Schedule A (the "**Properties**") by Aleafia Farms Inc. and Emblem Cannabis Corporation in favour of the Trustee (collectively the "**Charges**");

AND WHEREAS the Trustee requires that the undersigned provide this Environmental Warranty and Indemnity in favour of the Trustee;

NOW THEREFORE IN CONSIDERATION of the sum of \$10.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), each of the undersigned hereby, jointly and severally, represents, warrants and covenants to and in favour of the Trustee as follows:

For the purposes of this Environmental Warranty and Indemnity, the following terms and expressions shall have the following meanings:

"Applicable Laws" means, in respect of any person, property, transaction or event, all applicable federal, provincial or municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licences, authorizations, approvals and all applicable common law or equitable principles in force and effect during the currency of the Charges.

"Environmental Laws" means all present and future Applicable Laws, standards and requirements relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation and clean-up or any other aspect of a Hazardous Substance.

"Environmental Proceeding" means any investigation, action, proceeding, conviction, fine, judgement, notice, order, claim, directive, permit, license, approval, agreement, security interest, charge, lien, hypothec or other encumbrance of any nature or kind arising under or relating to Environmental Laws.

"Hazardous Substance" means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated by-phenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products, and hazardous wastes.

1. Representations Regarding Environmental Matters

The undersigned hereby, jointly and severally, represent and warrant that:

- (a) the Properties and all businesses and operations conducted thereon comply with all Environmental Laws;
- (b) the Properties have not been used for or designated as a waste disposal site and the Properties contain no Hazardous Substances and there is no existing or threatened Environmental Proceeding against or affecting the Properties;
- (c) copies of all existing environmental assessments, audits, tests and reports relating to the Properties have been delivered to the Trustee;
- (d) the buildings erected on the Properties are not now, and never have been insulated with urea formaldehyde foam insulation;
- (e) there are no pending or proposed changes to Environmental Laws or to any Environmental Proceedings which would render illegal or materially restrict or change the present use and operation of the Properties; and
- (f) none of the undersigned, nor any other person or organization:
 - (i) has used or permitted the use of the Properties to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances;
 - (ii) has been subject to any Environmental Proceeding related to the Properties;
 - (iii) has caused or permitted the release or discharge of any Hazardous Substance on or in the vicinity of the Properties;
 - (iv) has received or otherwise has knowledge of any Environmental Proceedings or of any facts which could give rise to any Environmental Proceeding related to the Properties;
 - (v) has undertaken any remediation or clean-up of any Hazardous Substance on or in the vicinity of the Properties; or
 - (vi) has defaulted in reporting any occurrence or circumstance to any governmental authority in relation to the Properties which is or was required to be reported pursuant to any Environmental Laws.

2. Covenants Regarding Environmental Matters

The undersigned hereby, jointly and severally, covenant and agree that it shall:

- (a) comply and shall ensure that the Properties and all businesses and operations conducted thereon comply with all Environmental Laws at all times;
- (b) not use or designate the Properties as a waste disposal site;

- (c) not permit any Hazardous Substance to be located, generated, manufactured, produced, refined, treated, processed, transported, transferred, stored, handled, spilled, discharged or disposed of at, on or under the Properties, nor shall the undersigned permit any other activity on or in respect of the Properties that might result in any Environmental Proceeding affecting the Properties, the undersigned or Trustee;
- (d) not cause or permit the release or discharge of any Hazardous Substance on or in the vicinity of the Properties;
- (e) notify the Trustee promptly of any threatened or actual Environmental Proceedings;
- (f) remediate and cure, in a timely manner, any non-compliance by the Properties or the undersigned with Environmental Laws, including, without limitation, removal of any Hazardous Substances from the Properties;
- (g) maintain all environmental and operating documents and records including, without limitation, all permits, licenses, certificates, approvals, orders and agreements relating to the Properties as required by Environmental Laws;
- (h) deliver to the Trustee copies of all environmental assessments, audits, tests and reports relating to the Properties;
- (i) provide the Trustee promptly upon request with such information, documents, records, permits, licences, certificates, approvals, orders, agreements, environmental audits, reports, assessments and inspections and take such other steps (all at the Borrowers' expense) as may be required by the Trustee to confirm and/or ensure compliance by the Properties and the undersigned with Environmental Laws;
- (j) notify the Trustee promptly of:
 - (i) any Environmental Laws of which it has knowledge, which would render illegal or materially restrict or change the present use and operation of the Properties;
 - (ii) any facts related to the Properties which could constitute a breach of Environmental Laws; and
 - (iii) any default in reporting any occurrence or circumstance to any governmental authority in relation to the Properties which is or was required to be reported pursuant to any Environmental Laws; and
- (k) execute all consents, authorizations and directions necessary to permit any inspection of the Properties by any governmental authority and to permit the release to the Trustee or its representatives, of any information relating to the Properties, as the Trustee may request from time to time.

3. **Environmental License**

The undersigned hereby grant to the Trustee and its employees and agents an irrevocable and non-exclusive license to enter the Properties and any of the premises of the undersigned to conduct audits, testing and monitoring with respect to Hazardous Substances and to remove and analyze any Hazardous Substance at the cost and expense of the Borrowers (which cost and expense will form part of the Loan) and will be payable immediately on demand and secured by the Security.

4. **Environmental Indemnity**

Without limiting any other provision of this Environmental Warranty and Indemnity, the Charges or any documents collateral hereto and thereto and the undersigned shall indemnify and pay, protect, defend and save the Trustee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs, expenses (including reasonable legal fees on a substantial indemnity basis and disbursements) (collectively "**Environmental Claims**"), imposed on, made against or incurred by the Trustee arising from or relating to, directly or indirectly, and whether or not caused by the undersigned or within its control:

- (i) any actual or alleged breach of Environmental Laws relating to or affecting the Properties;
- (ii) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Properties or surrounding lands, including, without limitation, any personal injury or property damage arising therefrom;
- (iii) any actual or threatened Environmental Proceeding affecting the Properties including any settlement thereof;
- (iv) any assessment, investigation, containment, monitoring, remediation and/or removal of all Hazardous Substances from all or part of the Properties or surrounding areas or otherwise complying with Environmental Laws; or
- (v) any breach by the undersigned of any covenant hereunder or under the Security, the Charges or any document collateral hereto or thereto or under Applicable Law relating to environmental matters.

This indemnity shall survive repayment of the Loan, foreclosure upon the Charges and any other extinguishing of the obligations of the undersigned under the Security, the Charges and any other exercise by the Trustee of any remedies available to it against the undersigned.

5. **Binding on Successors**

This Environmental Warranty and Indemnity shall be binding upon the undersigned and their respective heirs, executors, administrators, successors and permitted assigns and shall enure to the benefit of the successors and assigns of the Trustee.

6. Interpretation

The division of this Environmental Warranty and Indemnity into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Environmental Warranty and Indemnity. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Environmental Warranty and Indemnity, the word “including” (or includes) means “including (or includes) without limitation”. Any reference in this Environmental Warranty and Indemnity to a “Section” means the relevant Section of this Environmental Warranty and Indemnity. If more than one person executes this Environmental Warranty and Indemnity, their obligations under this Environmental Warranty and Indemnity are joint and several. Any reference in this Environmental Warranty and Indemnity to a “person” will be deemed to include an individual, corporation, partnership, trust, unincorporated organization, government and the heirs, executors, administrators or other legal representatives of an individual. Any reference to a “business day” will be deemed to include any day which is not a Saturday, Sunday or a statutory holiday in the jurisdiction referred to in the “Governing Law” Section of this Environmental Warranty and Indemnity.

7. Paramountcy

In the event of any conflict or inconsistency between the provisions of this Environmental Warranty and Indemnity and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Environmental Warranty and Indemnity, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Environmental Warranty and Indemnity shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Environmental Warranty and Indemnity, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

8. Notice

Any notice, demand, request or communication required or permitted to be given under this A&R Debenture Indenture.

9. Governing Law

This Environmental Warranty and Indemnity shall be governed by and construed in accordance with the laws of the Province of Ontario and the applicable laws of Canada.

10. Severability

If any term or provision contained in this Environmental Warranty and Indemnity or the application of such term or condition to any Person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Environmental Warranty and Indemnity or the application of such term or provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Environmental Warranty and Indemnity shall be valid and enforceable to the fullest extent permitted by law. Time shall be of the essence in this Environmental Warranty and Indemnity in all respects.

11. Assignability by Trustee

This Environmental Warranty and Indemnity and the rights and remedies contained in this Environmental Warranty and Indemnity shall be assignable by the Trustee to any successor lender without releasing any liability of the undersigned to the Trustee without the consent of the undersigned but with prior notice of such assignment to the undersigned. Notice of such assignment shall be given to the undersigned promptly after such assignment has been completed. If so assigned, the assignee shall have and be entitled to exercise any and all discretion, rights and powers of the Trustee under this Environmental Warranty and Indemnity and all references in this Environmental Warranty and Indemnity to the Trustee shall include such assignee.

12. Amendment

This Environmental Warranty and Indemnity may not be modified, amended, released, terminated or waived except with the written consent of the parties to this Environmental Warranty and Indemnity.

13. Further Assurances

The undersigned hereby covenant and agree that it shall at all times, at its own cost and expense, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds and assurances as the Trustee may require, acting reasonably, for the better accomplishing or effectuating the terms of this Environmental Warranty and Indemnity.

14. Counterparts

This Environmental Warranty and Indemnity may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[signature page follows]

Dated this as of the date first written above.

ALEAFIA HEALTH INC.

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEEE44E1
Name: Matthew Sale
Title: Chief Financial Officer

We have the authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEEE44E1
Name: Matthew Sale
Title: Authorized Signatory

We have the authority to bind the corporation.

ALEAFIA FARMS INC.

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEEE44E1
Name: Matthew Sale
Title: Authorized Signatory

We have the authority to bind the corporation.

EMBLEM CORP.

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEEE44E1
Name: Matthew Sale
Title: Authorized Signatory

We have the authority to bind the corporation.

ALEAFIA INC.

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEEE44E1
Name: Matthew Sale
Title: Authorized Signatory

We have the authority to bind the corporation.

CANABO MEDICAL CORPORATION

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEEE44E1
Name: Matthew Sale
Title: Authorized Signatory

We have the authority to bind the corporation.

Schedule "A"

See attached.

**SCHEDULE A
Properties**

Property	Municipal Address	PIN	Legal Description	Registered Owner	Land Registry Office
Scugog Property	2560 Regional Road 19, Scugog, Ontario	26764-0137 (LT)	PT LT 2, CON 2, CARTWRIGHT; BEING PT 1, 40R3687 AND PT 1, 40R25294; TOWNSHIP OF SCUGOG	Aleafia Farms Inc.	40
Grimsby Property	378 South Service Road, Grimsby, Ontario	46033-0368 (LT)	1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY	Aleafia Farms Inc.	30
Paris Property	20 Woodslee Avenue, Paris, Ontario	32040-0546 (LT)	FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3 2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 AND 2 2R7264; COUNTY OF BRANT	Emblem Cannabis Corporation	2

Properties

PIN 26764 - 0137 LT
Description PT LT 2, CON 2, CARTWRIGHT; BEING PT 1, 40R3687 AND PT 1, 40R25294;
 TOWNSHIP OF SCUGOG
Address 2560 REGIONAL ROAD 19
 SCUGOG

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name ALEAFIA FARMS INC.
Address for Service 85 Basaltic Road
 Concord, Ontario L4K 1G4
 Attention: Chief Executive Officer

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Party To(s)*Capacity**Share*

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Ave, 8th Floor
 Toronto ON M5J 2Y1

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, DR2147378 registered on 2022/06/27 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Elena Yim-Bing Leung 181 Bay St., Suite 1800 acting for Signed 2022 06 27
 Toronto Applicant(s)
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Applicant(s).

Elena Yim-Bing Leung 181 Bay St., Suite 1800 acting for Signed 2022 06 27
 Toronto Party To(s)
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Party To(s).

Submitted By

AIRD & BERLIS LLP 181 Bay St., Suite 1800 2022 06 27
 Toronto
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

Fees/Taxes/Payment

Statutory Registration Fee \$66.30

Total Paid \$66.30

File Number

Party To Client File Number : 93103.1

GENERAL ASSIGNMENT OF RENTS

THIS ASSIGNMENT made this 27th day of June, 2022.

B E T W E E N:

EMBLEM CANNABIS CORPORATION and ALEAFIA FARMS INC.

hereinafter collectively called the "Assignor"

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA

hereinafter called the "Assignee"

WHEREAS Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to the Assignee, in its capacity as trustee, and on behalf of the Debentureholders pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**").

FOR VALUE RECEIVED, the Assignor doth hereby assigns to the Assignee, all rights, privileges, advantages and benefits whatsoever, including all rental and other income, arising pursuant to leases and/or agreements to lease and/or tenancies (herein referred to as the "Leases") now or hereafter affecting the lands and premises more particularly described in the Notice of Assignment of Rents attached hereto.

This Assignment is given as additional security for the payment of the sum of TWO DOLLARS (\$2.00) and all other sums secured by a charge between the Assignor, as chargor, and the Assignee, as chargee, charging the premises of which those demised in the Leases form all or part and which charge is herein referred to as the "Charge". The registration particulars of the Charge are described in the Notice of Assignment of Rents – General attached hereto. The security of this Assignment is and shall be primary and on a parity with the real estate conveyed by the Charge and not secondary. All amounts collected hereunder, after deducting the expense of collection, shall be applied on account of the indebtedness secured by the Charge, or in such other manner as may be provided in the Charge. Nothing herein contained shall be construed as constituting the Assignee as trustee, mortgagee or chargee in possession.

The Assignor does hereby empower the Assignee, its agents or attorneys, to collect, sue for, settle, compromise and give acquittances for all of the rents that may become due under the Leases and avail itself of and pursue all remedies for the enforcement of the Leases and the Assignor's rights in and under the Leases as the Assignor might have pursued but for this Assignment.

The Assignor warrants that the Leases, if any exist, are in full force and effect, and that the copies thereof heretofore delivered to the Assignee are true and correct copies, that the Assignor has not heretofore assigned or pledged the same or any interest therein, and that, to the best of the Assignee's knowledge, no default exists on the part of the lessees thereunder (herein called "the Lessees") or the Assignor, as lessor, in the performance on the part of either, of the terms, covenants, provisions or agreements in the Leases contained; that no rent has been paid by any of the Lessees more than one month in advance (except for security deposits paid in accordance with the Leases), and that, the payment of none of the rents to accrue under the Leases has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by the Assignor directly or indirectly by assuming any Lessee's obligations with respect to other premises.

The Assignor waives any rights of set-off against the Lessees. The Assignor covenants and agrees:

- (a) that the Leases shall remain in full force and effect irrespective of any merger of the interest of the Lessor and Lessee thereunder; and that it will not transfer or convey the fee title to said premises to any of the Lessees without requiring such Lessees, in writing, to assume and agree to pay the debt secured by the Charge in accordance with the terms covenants and conditions contained in the Charge;
- (b) that if the Leases provided for the abatement of rent during the repair of the demised premises by reason of fire or other casualty, the Assignor shall furnish

rental insurance to the Assignee, the policies to be in an amount and form and written by such insurance companies as shall be satisfactory to the Assignee;

- (c) not to terminate or to accept a surrender of any of the Leases without the written consent of the Assignee, such consent not to be unreasonably withheld, and that any attempted termination or acceptance of surrender of the Leases without such written consent shall be null and void;
- (d) not to modify or amend the Leases or any of the terms thereof, or grant any concessions in connection therewith, either orally or in writing, without the written consent of the Assignee, and that any attempted modification or amendments of the Leases or grant of concession in connection therewith without such written consent shall be null and void;
- (e) not to collect any of the rent, income and profits arising or accruing under the Leases in advance of the time when the same become due under the terms thereof;
- (f) not to discount any future accruing rents;
- (g) not to execute any other assignments of the Leases or any interest therein or any of the rents thereunder;
- (h) to perform all of the Assignor's covenants and agreements as lessor under the Leases and not to suffer or permit to occur any release of liability of the Lessees, or any rights to the Lessees to withhold payment of rent; and to give prompt notices to the Assignee of any notice of default on the part of the Assignor with respect to the Leases received from the Lessees, and to furnish the Assignee with complete copies of said notices;
- (i) that all offers to lease and Leases shall be bona fide, the terms of which are to be approved by the Assignee prior to execution, and shall be at rental rates and terms consistent with comparable space in the area of the lands and premises described herein;
- (j) that the Assignor will provide to the Assignee leasing activity reports in respect of the lands and premises herein forthwith on request by the Assignee;
- (k) if so requested by the Assignee, to enforce the Leases and all remedies available to the Assignor against the Lessees, in case of default under the Leases by the Lessees;
- (l) that none of the rights or remedies of the Assignee under the Charge shall be delayed or in any way prejudiced by this Assignment;
- (m) that notwithstanding any variation of the terms of the Charge or any extension of time for payment thereunder, the Leases and benefits hereby assigned shall continue as additional security in accordance with the terms hereof;
- (n) not to alter, modify or change the terms of any guarantees of any of the Leases or cancel or terminate such guarantees without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (o) not to consent to any assignment of the Leases, or any subletting thereunder, whether or not in accordance with their terms, without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (p) not to request, consent to, agree to or accept a subordination of the Leases to any mortgage or other encumbrance now or hereafter affecting the premises;
- (q) not to exercise any right of election, whether specifically set forth in any such Leases or otherwise which would in any way diminish the tenant's liability or have the effect of shortening the stated term of the Leases; and
- (r) to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this Assignment or any notice hereof which may be required and of every renewal related thereto.

Upon any vesting of title to the property secured under the Charge in the Assignee or other party by court order, operation of law, or otherwise or upon delivery of a deed or deeds pursuant to the Assignee's exercise of remedies under the Charge, all right, title and interest of the Assignor in and to the Leases shall by virtue of this Assignment, thereupon vest in and become the absolute property of the party vested with such title or the grantee or grantees in such deed or deeds without any further act or assignment by the Assignor. The Assignor hereby irrevocably appoints Assignee and its successors and assigns, as its agent and attorney in fact, to execute all instruments of assignment or further assurances in favour of such party vested with title or the grantee or grantees. This power is coupled with an interest and is irrevocable until this Assignment is discharged and the security interests created by this Assignment are released.

In the exercise of the powers herein granted to the Assignee, no liability shall be asserted or enforced against the Assignee, all such liability being hereby expressly waived and released by the Assignor. The Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Leases, or under or by reason of this Assignment and the Assignor shall and does hereby agree to indemnify the Assignee for, and to save and hold it harmless of and from, any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Assignee incur any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defence of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, shall be secured hereby, and the Assignor shall reimburse the Assignee therefore immediately upon demand.

Although it is the intention of the parties that this Assignment shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding that the Assignee shall not exercise any of the rights or powers herein conferred upon it until an Event of Default (as defined in the A&R Debenture Indenture) shall occur, but upon the occurrence of any such Event of Default, the Assignee shall be entitled, upon notice to the Lessees, to all rents and other amounts then due under the Leases and thereafter accruing, and this Assignment shall constitute a direction to and full authority to the Lessees to pay all such amounts to the Assignee without proof of the default relied upon. The Lessees are hereby irrevocably authorized to rely upon and comply with any notice or demand by the Assignee for the payment to the Assignee of any rental or other sums which may be or thereafter become due under the Leases regardless whether any default under the Charge has actually occurred or is then existing.

This Assignment is intended to be additional to and not in substitution for or in derogation of any assignment of rents contained in the Charge or in any other document. In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Assignment, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in in this Assignment which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment shall include any extensions and renewals of the Leases and any reference herein to the Leases shall be construed as including any such extensions and renewals.

If the Assignor comprises more than one person, all covenants and liabilities entered into, by or imposed upon the Assignor shall be joint and several. Each Assignor, if more than one, is responsible both individually and together with the other Assignor(s) for all obligations of the Assignor to the Assignee pursuant to this Assignment.

This Assignment shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Assignment shall be binding upon and enure to the benefit of the respective successors and assigns of the parties hereto. The words "Assignor", "Assignee" and "Lessees", wherever used herein, and designated as such and their respective heirs, administrators, successors and assigns, and all words and phrases shall be taken to include the singular or plural and masculine, feminine or neuter gender, as may fit the case.

In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Assignment, the provisions contained in the A&R Debenture Indenture shall prevail to the extent

of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Assignment, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment may be signed in counterparts and transmitted by electronic transmission. Each counterpart shall be deemed to be an original and all such separate counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Assignor has executed this Assignment as of the date first written above.

ALEAFIA FARMS INC.

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B...

Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEE44F1...

Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Per: Tricia Symmes
01B88568EC0C42B...

Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEE44F1...

Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

ACKNOWLEDGMENT AND DIRECTION

TO: Bennett Jones LLP ("**Bennett Jones**")

AND TO: Aird & Berlis LLP

AND TO: Any and all designees of the above (the "**designee**")
Bennett Jones or the designee is the "**Registration Agent**"

RE: Electronic registration of security granted by Aleafia Farms Inc. and Emblem Cannabis Corporation (collectively, the "**Corporations**") in favour of Computershare Trust Company of Canada, as trustee for the debentureholders (the "**Lender**") pursuant to an amended and restated debenture indenture dated as of the date hereof, as amended, supplemented, restated or replaced from time to time

This will confirm that:

1. The undersigned have the authority to bind the Corporations named in the Registration Document(s) (as defined below) and the undersigned have not misrepresented their identities to Bennett Jones.
2. The undersigned have reviewed the information set out in this Acknowledgement and Direction and the Registration Document(s), and the effect of this Acknowledgement and Direction and the Registration Document(s) has been fully explained to the undersigned. The information contained in this Acknowledgement and Direction and the Registration Document(s) is accurate and complete.
3. The Registration Agent is hereby authorized and directed to sign, deliver and register electronically on behalf of the Corporations the electronic document(s), substantially in the form attached as document(s) "in preparation" being:
 - (a) a Charge/Mortgage from Aleafia Farms Inc. to the Lender with respect to 378 South Service Road, Grimsby, Ontario;
 - (b) a Notice of Assignment of Rents – General from Aleafia Farms Inc. to the Lender with respect to 378 South Service Road, Grimsby, Ontario;
 - (c) a Charge/Mortgage from Aleafia Farms Inc. to the Lender with respect to 2560 Regional Road 19, Scugog, Ontario;
 - (d) a Notice of Assignment of Rents – General from Aleafia Farms Inc. to the Lender with respect to 2560 Regional Road 19, Scugog, Ontario;
 - (e) a Charge/Mortgage from Emblem Cannabis Corporation to the Lender with respect to 20 Woodslee Avenue, Paris, Ontario;
 - (f) a Notice of Assignment of Rents – General from Emblem Cannabis Corporation to the Lender with respect to 20 Woodslee Avenue, Paris, Ontario(collectively, the "**Registration Document(s)**").
4. Although the Registration Agent will sign the Registration Document(s) electronically, the Corporations will be bound by the Registration Document(s) to the same extent as if they had physically signed it/them.
5. The Registration Agent is hereby authorized and directed to prepare, sign and register or release for registration electronically the Registration Document(s) on behalf of the Corporations, along with any other documents which may be necessary in order to register the Registration Document(s).
6. The Registration Agent is hereby authorized to: (i) make any necessary clerical amendments to the Registration Document(s); (ii) make any minor, non-material alterations or amendments that may be necessary to complete the Registration Document(s) or any amendments as may be required by the Land Registrar for the applicable land registry office(s) or by the director of titles appointed under the *Land Titles Act* (Ontario) (the "**Director of Titles**") to effect certification of the Registration Document(s); and (iii) make other amendments of a non-clerical nature provided the Registration Agent has first received instructions respecting such amendments from the undersigned.

7. The undersigned hereby consent to the release of this Acknowledgment and Direction to the applicable land registry office(s) and the Director of Titles, as may be deemed necessary or desirable by the Registration Agent.
8. A facsimile or electronic transmission of this Acknowledgment and Direction received by the Registration Agent serves as valid execution and delivery of this Acknowledgement and Direction by the Corporations and is binding on them and each of their respective successors and assigns.

And this shall be the Registration Agent's good and sufficient and irrevocable authority for so doing.

Signature page follows

Dated this 27th day of June, 2022.

ALEAFIA FARMS INC.

DocuSigned by:
Tricia Symmes
Per: 01B88568EC0C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: E4E6FDC4EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

I/We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Tricia Symmes
Per: 01B88568EC0C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: E4E6FDC4EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

I/We have authority to bind the corporation.

Properties

PIN 46033 - 0368 LT
Description 1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY
Address 378 SOUTH SERVICE ROAD
 GRIMSBY

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name ALEAFIA FARMS INC.
Address for Service 85 Basaltic Road
 Concord, Ontario L4K 1G4
 Attention: Chief Executive Officer

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Party To(s)**Capacity****Share**

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Ave, 8th Floor
 Toronto ON M5J 2Y1

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, NR618372 registered on 2022/06/27 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Elena Yim-Bing Leung	181 Bay St., Suite 1800 Toronto M5J 2T9	acting for Applicant(s)	Signed	2022 06 27
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Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Applicant(s).

Elena Yim-Bing Leung	181 Bay St., Suite 1800 Toronto M5J 2T9	acting for Party To(s)	Signed	2022 06 27
----------------------	---	---------------------------	--------	------------

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Party To(s).

Submitted By

AIRD & BERLIS LLP	181 Bay St., Suite 1800 Toronto M5J 2T9			2022 06 27
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Tel 416-863-1500

Fax 416-863-1515

Fees/Taxes/Payment

Statutory Registration Fee	\$66.30
Total Paid	\$66.30

File Number

Party To Client File Number : 93103.1

GENERAL ASSIGNMENT OF RENTS

THIS ASSIGNMENT made this 27th day of June, 2022.

B E T W E E N:

**EMBLEM CANNABIS CORPORATION and ALEAFIA FARMS
INC.**

hereinafter collectively called the "Assignor"

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA

hereinafter called the "Assignee"

WHEREAS Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to the Assignee, in its capacity as trustee, and on behalf of the Debentureholders pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**").

FOR VALUE RECEIVED, the Assignor doth hereby assigns to the Assignee, all rights, privileges, advantages and benefits whatsoever, including all rental and other income, arising pursuant to leases and/or agreements to lease and/or tenancies (herein referred to as the "Leases") now or hereafter affecting the lands and premises more particularly described in the Notice of Assignment of Rents attached hereto.

This Assignment is given as additional security for the payment of the sum of TWO DOLLARS (\$2.00) and all other sums secured by a charge between the Assignor, as chargor, and the Assignee, as chargee, charging the premises of which those demised in the Leases form all or part and which charge is herein referred to as the "Charge". The registration particulars of the Charge are described in the Notice of Assignment of Rents – General attached hereto. The security of this Assignment is and shall be primary and on a parity with the real estate conveyed by the Charge and not secondary. All amounts collected hereunder, after deducting the expense of collection, shall be applied on account of the indebtedness secured by the Charge, or in such other manner as may be provided in the Charge. Nothing herein contained shall be construed as constituting the Assignee as trustee, mortgagee or chargee in possession.

The Assignor does hereby empower the Assignee, its agents or attorneys, to collect, sue for, settle, compromise and give acquittances for all of the rents that may become due under the Leases and avail itself of and pursue all remedies for the enforcement of the Leases and the Assignor's rights in and under the Leases as the Assignor might have pursued but for this Assignment.

The Assignor warrants that the Leases, if any exist, are in full force and effect, and that the copies thereof heretofore delivered to the Assignee are true and correct copies, that the Assignor has not heretofore assigned or pledged the same or any interest therein, and that, to the best of the Assignee's knowledge, no default exists on the part of the lessees thereunder (herein called "the Lessees") or the Assignor, as lessor, in the performance on the part of either, of the terms, covenants, provisions or agreements in the Leases contained; that no rent has been paid by any of the Lessees more than one month in advance (except for security deposits paid in accordance with the Leases), and that, the payment of none of the rents to accrue under the Leases has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by the Assignor directly or indirectly by assuming any Lessee's obligations with respect to other premises.

The Assignor waives any rights of set-off against the Lessees.
The Assignor covenants and agrees:

- (a) that the Leases shall remain in full force and effect irrespective of any merger of the interest of the Lessor and Lessee thereunder; and that it will not transfer or convey the fee title to said premises to any of the Lessees without requiring such Lessees, in writing, to assume and agree to pay the debt secured by the Charge in accordance with the terms covenants and conditions contained in the Charge;
- (b) that if the Leases provided for the abatement of rent during the repair of the demised premises by reason of fire or other casualty, the Assignor shall furnish

rental insurance to the Assignee, the policies to be in an amount and form and written by such insurance companies as shall be satisfactory to the Assignee;

- (c) not to terminate or to accept a surrender of any of the Leases without the written consent of the Assignee, such consent not to be unreasonably withheld, and that any attempted termination or acceptance of surrender of the Leases without such written consent shall be null and void;
- (d) not to modify or amend the Leases or any of the terms thereof, or grant any concessions in connection therewith, either orally or in writing, without the written consent of the Assignee, and that any attempted modification or amendments of the Leases or grant of concession in connection therewith without such written consent shall be null and void;
- (e) not to collect any of the rent, income and profits arising or accruing under the Leases in advance of the time when the same become due under the terms thereof;
- (f) not to discount any future accruing rents;
- (g) not to execute any other assignments of the Leases or any interest therein or any of the rents thereunder;
- (h) to perform all of the Assignor's covenants and agreements as lessor under the Leases and not to suffer or permit to occur any release of liability of the Lessees, or any rights to the Lessees to withhold payment of rent; and to give prompt notices to the Assignee of any notice of default on the part of the Assignor with respect to the Leases received from the Lessees, and to furnish the Assignee with complete copies of said notices;
- (i) that all offers to lease and Leases shall be bona fide, the terms of which are to be approved by the Assignee prior to execution, and shall be at rental rates and terms consistent with comparable space in the area of the lands and premises described herein;
- (j) that the Assignor will provide to the Assignee leasing activity reports in respect of the lands and premises herein forthwith on request by the Assignee;
- (k) if so requested by the Assignee, to enforce the Leases and all remedies available to the Assignor against the Lessees, in case of default under the Leases by the Lessees;
- (l) that none of the rights or remedies of the Assignee under the Charge shall be delayed or in any way prejudiced by this Assignment;
- (m) that notwithstanding any variation of the terms of the Charge or any extension of time for payment thereunder, the Leases and benefits hereby assigned shall continue as additional security in accordance with the terms hereof;
- (n) not to alter, modify or change the terms of any guarantees of any of the Leases or cancel or terminate such guarantees without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (o) not to consent to any assignment of the Leases, or any subletting thereunder, whether or not in accordance with their terms, without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (p) not to request, consent to, agree to or accept a subordination of the Leases to any mortgage or other encumbrance now or hereafter affecting the premises;
- (q) not to exercise any right of election, whether specifically set forth in any such Leases or otherwise which would in any way diminish the tenant's liability or have the effect of shortening the stated term of the Leases; and
- (r) to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this Assignment or any notice hereof which may be required and of every renewal related thereto.

Upon any vesting of title to the property secured under the Charge in the Assignee or other party by court order, operation of law, or otherwise or upon delivery of a deed or deeds pursuant to the Assignee's exercise of remedies under the Charge, all right, title and interest of the Assignor in and to the Leases shall by virtue of this Assignment, thereupon vest in and become the absolute property of the party vested with such title or the grantee or grantees in such deed or deeds without any further act or assignment by the Assignor. The Assignor hereby irrevocably appoints Assignee and its successors and assigns, as its agent and attorney in fact, to execute all instruments of assignment or further assurances in favour of such party vested with title or the grantee or grantees. This power is coupled with an interest and is irrevocable until this Assignment is discharged and the security interests created by this Assignment are released.

In the exercise of the powers herein granted to the Assignee, no liability shall be asserted or enforced against the Assignee, all such liability being hereby expressly waived and released by the Assignor. The Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Leases, or under or by reason of this Assignment and the Assignor shall and does hereby agree to indemnify the Assignee for, and to save and hold it harmless of and from, any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Assignee incur any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defence of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, shall be secured hereby, and the Assignor shall reimburse the Assignee therefore immediately upon demand.

Although it is the intention of the parties that this Assignment shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding that the Assignee shall not exercise any of the rights or powers herein conferred upon it until an Event of Default (as defined in the A&R Debenture Indenture) shall occur, but upon the occurrence of any such Event of Default, the Assignee shall be entitled, upon notice to the Lessees, to all rents and other amounts then due under the Leases and thereafter accruing, and this Assignment shall constitute a direction to and full authority to the Lessees to pay all such amounts to the Assignee without proof of the default relied upon. The Lessees are hereby irrevocably authorized to rely upon and comply with any notice or demand by the Assignee for the payment to the Assignee of any rental or other sums which may be or thereafter become due under the Leases regardless whether any default under the Charge has actually occurred or is then existing.

This Assignment is intended to be additional to and not in substitution for or in derogation of any assignment of rents contained in the Charge or in any other document. In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Assignment, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in in this Assignment which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment shall include any extensions and renewals of the Leases and any reference herein to the Leases shall be construed as including any such extensions and renewals.

If the Assignor comprises more than one person, all covenants and liabilities entered into, by or imposed upon the Assignor shall be joint and several. Each Assignor, if more than one, is responsible both individually and together with the other Assignor(s) for all obligations of the Assignor to the Assignee pursuant to this Assignment.

This Assignment shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Assignment shall be binding upon and enure to the benefit of the respective successors and assigns of the parties hereto. The words "Assignor", "Assignee" and "Lessees", wherever used herein, and designated as such and their respective heirs, administrators, successors and assigns, and all words and phrases shall be taken to include the singular or plural and masculine, feminine or neuter gender, as may fit the case.

In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Assignment, the provisions contained in the A&R Debenture Indenture shall prevail to the extent

of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Assignment, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment may be signed in counterparts and transmitted by electronic transmission. Each counterpart shall be deemed to be an original and all such separate counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Assignor has executed this Assignment as of the date first written above.

ALEAFIA FARMS INC.

DocuSigned by:
Tricia Symmes
Per: _____
01B88568EC0C42B...

Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
E4E5FDC1EEE44F1...

Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Tricia Symmes
Per: _____
01B88568EC0C42B...

Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
E4E5FDC1EEE44F1...

Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

ACKNOWLEDGMENT AND DIRECTION

TO: Bennett Jones LLP ("**Bennett Jones**")

AND TO: Aird & Berlis LLP

AND TO: Any and all designees of the above (the "**designee**")
Bennett Jones or the designee is the "**Registration Agent**"

RE: Electronic registration of security granted by Aleafia Farms Inc. and Emblem Cannabis Corporation (collectively, the "**Corporations**") in favour of Computershare Trust Company of Canada, as trustee for the debentureholders (the "**Lender**") pursuant to an amended and restated debenture indenture dated as of the date hereof, as amended, supplemented, restated or replaced from time to time

This will confirm that:

1. The undersigned have the authority to bind the Corporations named in the Registration Document(s) (as defined below) and the undersigned have not misrepresented their identities to Bennett Jones.
2. The undersigned have reviewed the information set out in this Acknowledgement and Direction and the Registration Document(s), and the effect of this Acknowledgement and Direction and the Registration Document(s) has been fully explained to the undersigned. The information contained in this Acknowledgement and Direction and the Registration Document(s) is accurate and complete.
3. The Registration Agent is hereby authorized and directed to sign, deliver and register electronically on behalf of the Corporations the electronic document(s), substantially in the form attached as document(s) "in preparation" being:
 - (a) a Charge/Mortgage from Aleafia Farms Inc. to the Lender with respect to 378 South Service Road, Grimsby, Ontario;
 - (b) a Notice of Assignment of Rents – General from Aleafia Farms Inc. to the Lender with respect to 378 South Service Road, Grimsby, Ontario;
 - (c) a Charge/Mortgage from Aleafia Farms Inc. to the Lender with respect to 2560 Regional Road 19, Scugog, Ontario;
 - (d) a Notice of Assignment of Rents – General from Aleafia Farms Inc. to the Lender with respect to 2560 Regional Road 19, Scugog, Ontario;
 - (e) a Charge/Mortgage from Emblem Cannabis Corporation to the Lender with respect to 20 Woodslee Avenue, Paris, Ontario;
 - (f) a Notice of Assignment of Rents – General from Emblem Cannabis Corporation to the Lender with respect to 20 Woodslee Avenue, Paris, Ontario(collectively, the "**Registration Document(s)**").
4. Although the Registration Agent will sign the Registration Document(s) electronically, the Corporations will be bound by the Registration Document(s) to the same extent as if they had physically signed it/them.
5. The Registration Agent is hereby authorized and directed to prepare, sign and register or release for registration electronically the Registration Document(s) on behalf of the Corporations, along with any other documents which may be necessary in order to register the Registration Document(s).
6. The Registration Agent is hereby authorized to: (i) make any necessary clerical amendments to the Registration Document(s); (ii) make any minor, non-material alterations or amendments that may be necessary to complete the Registration Document(s) or any amendments as may be required by the Land Registrar for the applicable land registry office(s) or by the director of titles appointed under the *Land Titles Act* (Ontario) (the "**Director of Titles**") to effect certification of the Registration Document(s); and (iii) make other amendments of a non-clerical nature provided the Registration Agent has first received instructions respecting such amendments from the undersigned.

7. The undersigned hereby consent to the release of this Acknowledgment and Direction to the applicable land registry office(s) and the Director of Titles, as may be deemed necessary or desirable by the Registration Agent.
8. A facsimile or electronic transmission of this Acknowledgment and Direction received by the Registration Agent serves as valid execution and delivery of this Acknowledgement and Direction by the Corporations and is binding on them and each of their respective successors and assigns.

And this shall be the Registration Agent's good and sufficient and irrevocable authority for so doing.

Signature page follows

Dated this 27th day of June, 2022.

ALEAFIA FARMS INC.

DocuSigned by:
Tricia Symmes
Per: _____
Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

I/We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Tricia Symmes
Per: _____
Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

I/We have authority to bind the corporation.

Properties

PIN 32040 - 0546 LT
Description FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3
 2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1
 AND 2 2R7264; COUNTY OF BRANT
Address 20 WOODSLEE AVENUE
 PARIS

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name EMBLEM CANNABIS CORPORATION
Address for Service 85 Basaltic Road
 Concord, Ontario L4K 1G4
 Attention: Chief Executive Officer

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Party To(s)*Capacity**Share*

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Ave, 8th Floor
 Toronto, ON M5J 2Y1

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, BC434024 registered on 2022/06/27 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Elena Yim-Bing Leung 181 Bay St., Suite 1800 acting for Signed 2022 06 27
 Toronto Applicant(s)
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Applicant(s).

Elena Yim-Bing Leung 181 Bay St., Suite 1800 acting for Signed 2022 06 27
 Toronto Party To(s)
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Party To(s).

Submitted By

AIRD & BERLIS LLP 181 Bay St., Suite 1800 2022 06 27
 Toronto
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

Fees/Taxes/Payment

Statutory Registration Fee \$66.30
Total Paid \$66.30

File Number

Applicant Client File Number : 172723-DJM
Party To Client File Number : 93103.1

GENERAL ASSIGNMENT OF RENTS

THIS ASSIGNMENT made this 27th day of June, 2022.

B E T W E E N:

EMBLEM CANNABIS CORPORATION and ALEAFIA FARMS INC.

hereinafter collectively called the "Assignor"

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA

hereinafter called the "Assignee"

WHEREAS Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to the Assignee, in its capacity as trustee, and on behalf of the Debentureholders pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**").

FOR VALUE RECEIVED, the Assignor doth hereby assigns to the Assignee, all rights, privileges, advantages and benefits whatsoever, including all rental and other income, arising pursuant to leases and/or agreements to lease and/or tenancies (herein referred to as the "Leases") now or hereafter affecting the lands and premises more particularly described in the Notice of Assignment of Rents attached hereto.

This Assignment is given as additional security for the payment of the sum of TWO DOLLARS (\$2.00) and all other sums secured by a charge between the Assignor, as chargor, and the Assignee, as chargee, charging the premises of which those demised in the Leases form all or part and which charge is herein referred to as the "Charge". The registration particulars of the Charge are described in the Notice of Assignment of Rents – General attached hereto. The security of this Assignment is and shall be primary and on a parity with the real estate conveyed by the Charge and not secondary. All amounts collected hereunder, after deducting the expense of collection, shall be applied on account of the indebtedness secured by the Charge, or in such other manner as may be provided in the Charge. Nothing herein contained shall be construed as constituting the Assignee as trustee, mortgagee or chargee in possession.

The Assignor does hereby empower the Assignee, its agents or attorneys, to collect, sue for, settle, compromise and give acquittances for all of the rents that may become due under the Leases and avail itself of and pursue all remedies for the enforcement of the Leases and the Assignor's rights in and under the Leases as the Assignor might have pursued but for this Assignment.

The Assignor warrants that the Leases, if any exist, are in full force and effect, and that the copies thereof heretofore delivered to the Assignee are true and correct copies, that the Assignor has not heretofore assigned or pledged the same or any interest therein, and that, to the best of the Assignee's knowledge, no default exists on the part of the lessees thereunder (herein called "the Lessees") or the Assignor, as lessor, in the performance on the part of either, of the terms, covenants, provisions or agreements in the Leases contained; that no rent has been paid by any of the Lessees more than one month in advance (except for security deposits paid in accordance with the Leases), and that, the payment of none of the rents to accrue under the Leases has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by the Assignor directly or indirectly by assuming any Lessee's obligations with respect to other premises.

The Assignor waives any rights of set-off against the Lessees. The Assignor covenants and agrees:

- (a) that the Leases shall remain in full force and effect irrespective of any merger of the interest of the Lessor and Lessee thereunder; and that it will not transfer or convey the fee title to said premises to any of the Lessees without requiring such Lessees, in writing, to assume and agree to pay the debt secured by the Charge in accordance with the terms covenants and conditions contained in the Charge;
- (b) that if the Leases provided for the abatement of rent during the repair of the demised premises by reason of fire or other casualty, the Assignor shall furnish

rental insurance to the Assignee, the policies to be in an amount and form and written by such insurance companies as shall be satisfactory to the Assignee;

- (c) not to terminate or to accept a surrender of any of the Leases without the written consent of the Assignee, such consent not to be unreasonably withheld, and that any attempted termination or acceptance of surrender of the Leases without such written consent shall be null and void;
- (d) not to modify or amend the Leases or any of the terms thereof, or grant any concessions in connection therewith, either orally or in writing, without the written consent of the Assignee, and that any attempted modification or amendments of the Leases or grant of concession in connection therewith without such written consent shall be null and void;
- (e) not to collect any of the rent, income and profits arising or accruing under the Leases in advance of the time when the same become due under the terms thereof;
- (f) not to discount any future accruing rents;
- (g) not to execute any other assignments of the Leases or any interest therein or any of the rents thereunder;
- (h) to perform all of the Assignor's covenants and agreements as lessor under the Leases and not to suffer or permit to occur any release of liability of the Lessees, or any rights to the Lessees to withhold payment of rent; and to give prompt notices to the Assignee of any notice of default on the part of the Assignor with respect to the Leases received from the Lessees, and to furnish the Assignee with complete copies of said notices;
- (i) that all offers to lease and Leases shall be bona fide, the terms of which are to be approved by the Assignee prior to execution, and shall be at rental rates and terms consistent with comparable space in the area of the lands and premises described herein;
- (j) that the Assignor will provide to the Assignee leasing activity reports in respect of the lands and premises herein forthwith on request by the Assignee;
- (k) if so requested by the Assignee, to enforce the Leases and all remedies available to the Assignor against the Lessees, in case of default under the Leases by the Lessees;
- (l) that none of the rights or remedies of the Assignee under the Charge shall be delayed or in any way prejudiced by this Assignment;
- (m) that notwithstanding any variation of the terms of the Charge or any extension of time for payment thereunder, the Leases and benefits hereby assigned shall continue as additional security in accordance with the terms hereof;
- (n) not to alter, modify or change the terms of any guarantees of any of the Leases or cancel or terminate such guarantees without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (o) not to consent to any assignment of the Leases, or any subletting thereunder, whether or not in accordance with their terms, without the prior written consent of the Assignee, such consent not to be unreasonably withheld;
- (p) not to request, consent to, agree to or accept a subordination of the Leases to any mortgage or other encumbrance now or hereafter affecting the premises;
- (q) not to exercise any right of election, whether specifically set forth in any such Leases or otherwise which would in any way diminish the tenant's liability or have the effect of shortening the stated term of the Leases; and
- (r) to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this Assignment or any notice hereof which may be required and of every renewal related thereto.

Upon any vesting of title to the property secured under the Charge in the Assignee or other party by court order, operation of law, or otherwise or upon delivery of a deed or deeds pursuant to the Assignee's exercise of remedies under the Charge, all right, title and interest of the Assignor in and to the Leases shall by virtue of this Assignment, thereupon vest in and become the absolute property of the party vested with such title or the grantee or grantees in such deed or deeds without any further act or assignment by the Assignor. The Assignor hereby irrevocably appoints Assignee and its successors and assigns, as its agent and attorney in fact, to execute all instruments of assignment or further assurances in favour of such party vested with title or the grantee or grantees. This power is coupled with an interest and is irrevocable until this Assignment is discharged and the security interests created by this Assignment are released.

In the exercise of the powers herein granted to the Assignee, no liability shall be asserted or enforced against the Assignee, all such liability being hereby expressly waived and released by the Assignor. The Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Leases, or under or by reason of this Assignment and the Assignor shall and does hereby agree to indemnify the Assignee for, and to save and hold it harmless of and from, any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Assignee incur any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defence of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, shall be secured hereby, and the Assignor shall reimburse the Assignee therefore immediately upon demand.

Although it is the intention of the parties that this Assignment shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding that the Assignee shall not exercise any of the rights or powers herein conferred upon it until an Event of Default (as defined in the A&R Debenture Indenture) shall occur, but upon the occurrence of any such Event of Default, the Assignee shall be entitled, upon notice to the Lessees, to all rents and other amounts then due under the Leases and thereafter accruing, and this Assignment shall constitute a direction to and full authority to the Lessees to pay all such amounts to the Assignee without proof of the default relied upon. The Lessees are hereby irrevocably authorized to rely upon and comply with any notice or demand by the Assignee for the payment to the Assignee of any rental or other sums which may be or thereafter become due under the Leases regardless whether any default under the Charge has actually occurred or is then existing.

This Assignment is intended to be additional to and not in substitution for or in derogation of any assignment of rents contained in the Charge or in any other document. In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Assignment, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in in this Assignment which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment shall include any extensions and renewals of the Leases and any reference herein to the Leases shall be construed as including any such extensions and renewals.

If the Assignor comprises more than one person, all covenants and liabilities entered into, by or imposed upon the Assignor shall be joint and several. Each Assignor, if more than one, is responsible both individually and together with the other Assignor(s) for all obligations of the Assignor to the Assignee pursuant to this Assignment.

This Assignment shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Assignment shall be binding upon and enure to the benefit of the respective successors and assigns of the parties hereto. The words "Assignor", "Assignee" and "Lessees", wherever used herein, and designated as such and their respective heirs, administrators, successors and assigns, and all words and phrases shall be taken to include the singular or plural and masculine, feminine or neuter gender, as may fit the case.

In the event of any conflict or inconsistency between the provisions of this Assignment and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Assignment, the provisions contained in the A&R Debenture Indenture shall prevail to the extent

of such conflict or inconsistency and the provisions of this Assignment shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Assignment, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

This Assignment may be signed in counterparts and transmitted by electronic transmission. Each counterpart shall be deemed to be an original and all such separate counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Assignor has executed this Assignment as of the date first written above.

ALEAFIA FARMS INC.

DocuSigned by:
Tricia Symmes
Per: _____
01B88568EC0C42B...

Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
E4E5FDC1EEE44F1...

Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Tricia Symmes
Per: _____
01B88568EC0C42B...

Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
E4E5FDC1EEE44F1...

Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

ACKNOWLEDGMENT AND DIRECTION

TO: Bennett Jones LLP ("**Bennett Jones**")

AND TO: Aird & Berlis LLP

AND TO: Any and all designees of the above (the "**designee**")
Bennett Jones or the designee is the "**Registration Agent**"

RE: Electronic registration of security granted by Aleafia Farms Inc. and Emblem Cannabis Corporation (collectively, the "**Corporations**") in favour of Computershare Trust Company of Canada, as trustee for the debentureholders (the "**Lender**") pursuant to an amended and restated debenture indenture dated as of the date hereof, as amended, supplemented, restated or replaced from time to time

This will confirm that:

1. The undersigned have the authority to bind the Corporations named in the Registration Document(s) (as defined below) and the undersigned have not misrepresented their identities to Bennett Jones.
2. The undersigned have reviewed the information set out in this Acknowledgement and Direction and the Registration Document(s), and the effect of this Acknowledgement and Direction and the Registration Document(s) has been fully explained to the undersigned. The information contained in this Acknowledgement and Direction and the Registration Document(s) is accurate and complete.
3. The Registration Agent is hereby authorized and directed to sign, deliver and register electronically on behalf of the Corporations the electronic document(s), substantially in the form attached as document(s) "in preparation" being:
 - (a) a Charge/Mortgage from Aleafia Farms Inc. to the Lender with respect to 378 South Service Road, Grimsby, Ontario;
 - (b) a Notice of Assignment of Rents – General from Aleafia Farms Inc. to the Lender with respect to 378 South Service Road, Grimsby, Ontario;
 - (c) a Charge/Mortgage from Aleafia Farms Inc. to the Lender with respect to 2560 Regional Road 19, Scugog, Ontario;
 - (d) a Notice of Assignment of Rents – General from Aleafia Farms Inc. to the Lender with respect to 2560 Regional Road 19, Scugog, Ontario;
 - (e) a Charge/Mortgage from Emblem Cannabis Corporation to the Lender with respect to 20 Woodslee Avenue, Paris, Ontario;
 - (f) a Notice of Assignment of Rents – General from Emblem Cannabis Corporation to the Lender with respect to 20 Woodslee Avenue, Paris, Ontario(collectively, the "**Registration Document(s)**").
4. Although the Registration Agent will sign the Registration Document(s) electronically, the Corporations will be bound by the Registration Document(s) to the same extent as if they had physically signed it/them.
5. The Registration Agent is hereby authorized and directed to prepare, sign and register or release for registration electronically the Registration Document(s) on behalf of the Corporations, along with any other documents which may be necessary in order to register the Registration Document(s).
6. The Registration Agent is hereby authorized to: (i) make any necessary clerical amendments to the Registration Document(s); (ii) make any minor, non-material alterations or amendments that may be necessary to complete the Registration Document(s) or any amendments as may be required by the Land Registrar for the applicable land registry office(s) or by the director of titles appointed under the *Land Titles Act* (Ontario) (the "**Director of Titles**") to effect certification of the Registration Document(s); and (iii) make other amendments of a non-clerical nature provided the Registration Agent has first received instructions respecting such amendments from the undersigned.

7. The undersigned hereby consent to the release of this Acknowledgment and Direction to the applicable land registry office(s) and the Director of Titles, as may be deemed necessary or desirable by the Registration Agent.
8. A facsimile or electronic transmission of this Acknowledgment and Direction received by the Registration Agent serves as valid execution and delivery of this Acknowledgement and Direction by the Corporations and is binding on them and each of their respective successors and assigns.

And this shall be the Registration Agent's good and sufficient and irrevocable authority for so doing.

Signature page follows

Dated this 27th day of June, 2022.

ALEAFIA FARMS INC.

DocuSigned by:
Tricia Symmes
Per: _____
Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

I/We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Tricia Symmes
Per: _____
Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

I/We have authority to bind the corporation.

Properties

PIN 26764 - 0137 LT *Interest/Estate* Fee Simple
Description PT LT 2, CON 2, CARTWRIGHT; BEING PT 1, 40R3687 AND PT 1, 40R25294;
 TOWNSHIP OF SCUGOG
Address 4560 REGIONAL ROAD 19
 SCUGOG

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name ALEAFIA FARMS INC.
Address for Service 85 Basaltic Road
 Concord, Ontario L4K 1G4
 Attention: Chief Executive Officer

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Ave, 8th Floor
 Toronto ON M5J 2Y1

Provisions

Principal \$100,000,000.00 *Currency* CDN
Calculation Period
Balance Due Date See Schedule
Interest Rate See Schedule
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor

Additional Provisions

See Schedules

Signed By

Elena Yim-Bing Leung 181 Bay St., Suite 1800 acting for Signed 2022 06 27
 Toronto
 M5J 2T9
 Chargor(s)

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

AIRD & BERLIS LLP 181 Bay St., Suite 1800 2022 06 27
 Toronto
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

Fees/Taxes/Payment

Statutory Registration Fee \$66.30

Fees/Taxes/Payment

Total Paid \$66.30

File Number

Chargee Client File Number : 93103.1

SCHEDULE "A" – ADDITIONAL PROVISIONS

COLLATERAL MORTGAGE

Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to Chargee, in its capacity as trustee, and on behalf of the Debentureholders pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**") between the Borrower and the Chargee.

This charge/mortgage of land (the "**Charge**") is collateral security for all present and future obligations and liabilities of the Chargor to the Chargee under, in connection with or with respect to the A&R Debenture Indenture.

STANDARD CHARGE TERMS AND PARAMOUNTCY

In the event of any inconsistency between the terms of this schedule to the Charge and the terms of standard charge terms number 200033, the terms of this schedule to the Charge shall prevail and the inclusion of any term in standard charge terms number 200033 that is not set out in this schedule to the Charge shall not be an inconsistency and shall be valid and enforceable in accordance with its terms.

In the event of any conflict or inconsistency between the provisions of this Charge or the terms of standard charge terms number 200033 and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Charge or the terms of standard charge terms number 200033, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Charge or the terms of standard charge terms number 200033 shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Charge or the terms of standard charge terms number 200033, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

Section 16 of Standard charge terms number 200033 is hereby deleted and replaced with the following:

16. The Chargor will insure and during the continuance of the Charge keep insured the buildings on the land in accordance with the provisions contained in the A&R Debenture Indenture.

NO SUBSEQUENT ENCUMBRANCES

The Chargor shall not without the Chargee's prior written consent, or except in accordance with the A&R Debenture Indenture, obtain secondary or subsequent financing, or charge or encumber the property secured hereby or any part thereof (the "**Property**") or interest therein or permit any lien or charge thereon.

DUE ON SALE AND SUBSEQUENT ENCUMBRANCES

If the Chargor sells, conveys, transfers or enters into any agreement of sale or transfer of the title of the Property or further encumbers of any of the Property (other than in accordance with the

A&R Debenture Indenture) without the written consent of the Chargee, at any time while any amount secured by this Charge remains unpaid and outstanding, the balance of the principal then outstanding and all amounts secured by this Charge shall, at the option of the Chargee, become immediately due and payable.

DEFAULT

The Chargor covenants and agrees that an Event of Default (as defined in the A&R Debenture Indenture) shall constitute concurrent default under this Charge and upon the occurrence of an Event of Default, the Chargee shall be entitled to exercise any and all remedies available to it pursuant to this Charge, and with respect to any or all of the Property.

RECEIVER

Upon the occurrence of an Event of Default, this Charge or any security or any document submitted to the Chargee in connection therewith, the Chargee may, in its discretion, by writing appoint a receiver (which term shall include a receiver and manager) (a “**Receiver**”) of the Property or any part of it and of the rents and profits from it and may from time to time remove any Receiver and appoint another in his place, and in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor unless the Chargee indicates in writing a contrary intention. The following provisions shall apply in respect of the appointment of any Receiver:

- (a) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Property or any part of it;
- (b) such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee and shall have the power to borrow on the security of the Property;
- (c) the Chargee may from time to time fix the remuneration of such Receiver and direct the payment of such remuneration from out of the proceeds of the Property;
- (d) such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever;
- (e) such Receiver shall from time to time have the power to collect, realize, sell or otherwise deal with the Property in such manner, upon such terms and conditions and at such time or times as may seem to the Receiver to be advisable and without notice to the Chargor;
- (f) such Receiver shall from time to time have the power to lease any portion of the Property which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient and, in so doing, such Receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent of the Chargee) and such Receiver shall have authority to execute, under seal or otherwise, any leases of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Property; and

- (g) such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part of it in the name of the Chargor for the purpose of securing the payment of rental from the Property or any part of it, including the power to:
- (i) take proceedings in the name of the Chargor or otherwise and to make any arrangement or compromise;
 - (ii) borrow or raise money on all or any part of the Property in priority to this Charge or otherwise for such purposes as may be approved by the Chargee;
 - (iii) give any and all notices to be given by the Chargor under any leases and exercise any and all rights of the Chargor under them;
 - (iv) do or cause to be done any and all acts and things under any lease and adjust and settle all matters relating to such performance; and
 - (v) institute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of the Property, defend all suits, proceedings and actions against the Chargor or the Receiver, appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and appeal any suit, proceeding or action.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Property in the same manner as if such documentation was duly executed by the Chargor itself.

ACKNOWLEDGMENT AND DIRECTION

TO: Bennett Jones LLP ("**Bennett Jones**")

AND TO: Aird & Bellis LLP

AND TO: Any and all designees of the above (the "**designee**")
Bennett Jones or the designee is the "**Registration Agent**"

RE: Electronic registration of security granted by Aleafia Farms Inc. and Emblem Cannabis Corporation in favour of Computershare Trust Company of Canada, as trustee for the debentureholders (the "**Lender**") pursuant to an amended and restated debenture indenture dated as of the date hereof, as amended, supplemented, restated or replaced from time to time

This will confirm that:

1. The undersigned has the authority to bind the Lender named in the Registration Document(s) (as defined below) and the undersigned has not misrepresented its identity to Bennett Jones.
2. The undersigned has reviewed the information set out in this Acknowledgement and Direction and the Registration Document(s), and the effect of this Acknowledgement and Direction and the Registration Document(s) has been fully explained to the undersigned. The information contained in this Acknowledgement and Direction and the Registration Document(s) is accurate and complete.
3. The Registration Agent is hereby authorized and directed to sign, deliver and register electronically on behalf of the Lender the electronic document(s), substantially in the form attached as document(s) "in preparation" being:
 - (a) a Charge/Mortgage from Aleafia Farms Inc. to the Lender with respect to 378 South Service Road, Grimsby, Ontario;
 - (b) a Notice of Assignment of Rents – General from Aleafia Farms Inc. to the Lender with respect to 378 South Service Road, Grimsby, Ontario;
 - (c) a Charge/Mortgage from Aleafia Farms Inc. to the Lender with respect to 2560 Regional Road 19, Scugog, Ontario;
 - (d) a Notice of Assignment of Rents – General from Aleafia Farms Inc. to the Lender with respect to 2560 Regional Road 19, Scugog, Ontario;
 - (e) a Charge/Mortgage from Emblem Cannabis Corporation to the Lender with respect to 20 Woodslee Avenue, Paris, Ontario;
 - (f) a Notice of Assignment of Rents – General from Emblem Cannabis Corporation to the Lender with respect to 20 Woodslee Avenue, Paris, Ontario.(collectively, the "**Registration Document(s)**").
4. Although the Registration Agent will sign the Registration Document(s) electronically, the Lender will be bound by the Registration Document(s) to the same extent as if it had physically signed it/them.
5. The Registration Agent is hereby authorized and directed to prepare, sign and register or release for registration electronically the Registration Document(s) on behalf of the Lender, along with any other documents which may be necessary in order to register the Registration Document(s).
6. The Registration Agent is hereby authorized to: (i) make any necessary clerical amendments to the Registration Document(s); (ii) make any minor, non-material alterations or amendments that may be necessary to complete the Registration Document(s) or any amendments as may be required by the Land Registrar for the applicable land registry office(s) or by the director of titles appointed under the *Land Titles Act* (Ontario) (the "**Director of Titles**") to effect certification of the Registration Document(s); and (iii) make other amendments of a non-clerical nature provided the Registration Agent has first received instructions respecting such amendments from the undersigned.

7. The undersigned hereby consent to the release of this Acknowledgment and Direction to the applicable land registry office(s) and the Director of Titles, as may be deemed necessary or desirable by the Registration Agent.
8. A facsimile or electronic transmission of this Acknowledgment and Direction received by the Registration Agent serves as valid execution and delivery of this Acknowledgement and Direction by the Lender and is binding on them and each of their respective successors and assigns.


And this shall be the Registration Agent's good and sufficient and irrevocable authority for so doing.

Signature page follows

Dated this 27 day of June, 2022.

**COMPUTERSHARE TRUST COMPANY
OF CANADA**

Per: 
Name: Jonathan Champoux Cadoche
Title: Corporation Trust Officer

Per: 
Name: Ana Kamami
Title: Associate Trust Officer

I/We have authority to bind the corporation.

Properties

PIN 46033 - 0368 LT *Interest/Estate* Fee Simple
Description 1STLY: PT LT 1 CON 1 NORTH GRIMSBY DESIGNATED AS PT 2 30R13028 & PT 18 30R13499; 2NDLY PT LT A EAST GORE NORTH GRIMSBY DESIGNATED AS PTS 4, 5, 8, 9, 10 30R13028; S/T RO437966; SUBJECT TO AN EASEMENT IN GROSS OVER PART LOT A, EAST GORE, NORTH GRIMSBY, PART 4, 30R13028 AS IN NR529869; TOWN OF GRIMSBY
Address 378 SOUTH SERVICE ROAD
 GRIMSBY

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name ALEAFIA FARMS INC.
Address for Service 85 Basaltic Road
 Concord, Ontario L4K 1G4
 Attention: Chief Executive Officer

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Ave, 8th Floor
 Toronto, ON M5J 2Y1

Provisions

Principal \$100,000,000.00 *Currency* CDN
Calculation Period
Balance Due Date See Schedule
Interest Rate See Schedule
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor

Additional Provisions

See Schedules

Signed By

Elena Yim-Bing Leung 181 Bay St., Suite 1800 acting for Signed 2022 06 27
 Toronto
 M5J 2T9
 Chargor(s)

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

AIRD & BERLIS LLP 181 Bay St., Suite 1800 2022 06 27
 Toronto
 M5J 2T9

Tel 416-863-1500

Fax 416-863-1515

Fees/Taxes/Payment

Statutory Registration Fee	\$66.30
Total Paid	\$66.30

File Number

Chargor Client File Number :	172723-DJM
Chargee Client File Number :	93103.1

SCHEDULE "A" – ADDITIONAL PROVISIONS

COLLATERAL MORTGAGE

Aleafia Health Inc. (the "**Borrower**") is, or may become, indebted or liable to Chargee, in its capacity as trustee, and on behalf of the Debentureholders pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**A&R Debenture Indenture**") between the Borrower and the Chargee.

This charge/mortgage of land (the "**Charge**") is collateral security for all present and future obligations and liabilities of the Chargor to the Chargee under, in connection with or with respect to the A&R Debenture Indenture.

STANDARD CHARGE TERMS AND PARAMOUNTCY

In the event of any inconsistency between the terms of this schedule to the Charge and the terms of standard charge terms number 200033, the terms of this schedule to the Charge shall prevail and the inclusion of any term in standard charge terms number 200033 that is not set out in this schedule to the Charge shall not be an inconsistency and shall be valid and enforceable in accordance with its terms.

In the event of any conflict or inconsistency between the provisions of this Charge or the terms of standard charge terms number 200033 and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Charge or the terms of standard charge terms number 200033, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Charge or the terms of standard charge terms number 200033 shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Charge or the terms of standard charge terms number 200033, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

Section 16 of Standard charge terms number 200033 is hereby deleted and replaced with the following:

16. The Chargor will insure and during the continuance of the Charge keep insured the buildings on the land in accordance with the provisions contained in the A&R Debenture Indenture.

NO SUBSEQUENT ENCUMBRANCES

The Chargor shall not without the Chargee's prior written consent, or except in accordance with the A&R Debenture Indenture, obtain secondary or subsequent financing, or charge or encumber the property secured hereby or any part thereof (the "**Property**") or interest therein or permit any lien or charge thereon.

DUE ON SALE AND SUBSEQUENT ENCUMBRANCES

If the Chargor sells, conveys, transfers or enters into any agreement of sale or transfer of the title of the Property or further encumbers of any of the Property (other than in accordance with the

A&R Debenture Indenture) without the written consent of the Chargee, at any time while any amount secured by this Charge remains unpaid and outstanding, the balance of the principal then outstanding and all amounts secured by this Charge shall, at the option of the Chargee, become immediately due and payable.

DEFAULT

The Chargor covenants and agrees that an Event of Default (as defined in the A&R Debenture Indenture) shall constitute concurrent default under this Charge and upon the occurrence of an Event of Default, the Chargee shall be entitled to exercise any and all remedies available to it pursuant to this Charge, and with respect to any or all of the Property.

RECEIVER

Upon the occurrence of an Event of Default, this Charge or any security or any document submitted to the Chargee in connection therewith, the Chargee may, in its discretion, by writing appoint a receiver (which term shall include a receiver and manager) (a “**Receiver**”) of the Property or any part of it and of the rents and profits from it and may from time to time remove any Receiver and appoint another in his place, and in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor unless the Chargee indicates in writing a contrary intention. The following provisions shall apply in respect of the appointment of any Receiver:

- (a) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Property or any part of it;
- (b) such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee and shall have the power to borrow on the security of the Property;
- (c) the Chargee may from time to time fix the remuneration of such Receiver and direct the payment of such remuneration from out of the proceeds of the Property;
- (d) such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever;
- (e) such Receiver shall from time to time have the power to collect, realize, sell or otherwise deal with the Property in such manner, upon such terms and conditions and at such time or times as may seem to the Receiver to be advisable and without notice to the Chargor;
- (f) such Receiver shall from time to time have the power to lease any portion of the Property which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient and, in so doing, such Receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent of the Chargee) and such Receiver shall have authority to execute, under seal or otherwise, any leases of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Property; and

- (g) such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part of it in the name of the Chargor for the purpose of securing the payment of rental from the Property or any part of it, including the power to:
- (i) take proceedings in the name of the Chargor or otherwise and to make any arrangement or compromise;
 - (ii) borrow or raise money on all or any part of the Property in priority to this Charge or otherwise for such purposes as may be approved by the Chargee;
 - (iii) give any and all notices to be given by the Chargor under any leases and exercise any and all rights of the Chargor under them;
 - (iv) do or cause to be done any and all acts and things under any lease and adjust and settle all matters relating to such performance; and
 - (v) institute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of the Property, defend all suits, proceedings and actions against the Chargor or the Receiver, appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and appeal any suit, proceeding or action.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Property in the same manner as if such documentation was duly executed by the Chargor itself.

ACKNOWLEDGMENT AND DIRECTION

TO: Bennett Jones LLP ("**Bennett Jones**")

AND TO: Aird & Bellis LLP

AND TO: Any and all designees of the above (the "**designee**")
Bennett Jones or the designee is the "**Registration Agent**"

RE: Electronic registration of security granted by Aleafia Farms Inc. and Emblem Cannabis Corporation in favour of Computershare Trust Company of Canada, as trustee for the debentureholders (the "**Lender**") pursuant to an amended and restated debenture indenture dated as of the date hereof, as amended, supplemented, restated or replaced from time to time

This will confirm that:

1. The undersigned has the authority to bind the Lender named in the Registration Document(s) (as defined below) and the undersigned has not misrepresented its identity to Bennett Jones.
2. The undersigned has reviewed the information set out in this Acknowledgement and Direction and the Registration Document(s), and the effect of this Acknowledgement and Direction and the Registration Document(s) has been fully explained to the undersigned. The information contained in this Acknowledgement and Direction and the Registration Document(s) is accurate and complete.
3. The Registration Agent is hereby authorized and directed to sign, deliver and register electronically on behalf of the Lender the electronic document(s), substantially in the form attached as document(s) "in preparation" being:
 - (a) a Charge/Mortgage from Aleafia Farms Inc. to the Lender with respect to 378 South Service Road, Grimsby, Ontario;
 - (b) a Notice of Assignment of Rents – General from Aleafia Farms Inc. to the Lender with respect to 378 South Service Road, Grimsby, Ontario;
 - (c) a Charge/Mortgage from Aleafia Farms Inc. to the Lender with respect to 2560 Regional Road 19, Scugog, Ontario;
 - (d) a Notice of Assignment of Rents – General from Aleafia Farms Inc. to the Lender with respect to 2560 Regional Road 19, Scugog, Ontario;
 - (e) a Charge/Mortgage from Emblem Cannabis Corporation to the Lender with respect to 20 Woodslee Avenue, Paris, Ontario;
 - (f) a Notice of Assignment of Rents – General from Emblem Cannabis Corporation to the Lender with respect to 20 Woodslee Avenue, Paris, Ontario.(collectively, the "**Registration Document(s)**").
4. Although the Registration Agent will sign the Registration Document(s) electronically, the Lender will be bound by the Registration Document(s) to the same extent as if it had physically signed it/them.
5. The Registration Agent is hereby authorized and directed to prepare, sign and register or release for registration electronically the Registration Document(s) on behalf of the Lender, along with any other documents which may be necessary in order to register the Registration Document(s).
6. The Registration Agent is hereby authorized to: (i) make any necessary clerical amendments to the Registration Document(s); (ii) make any minor, non-material alterations or amendments that may be necessary to complete the Registration Document(s) or any amendments as may be required by the Land Registrar for the applicable land registry office(s) or by the director of titles appointed under the *Land Titles Act* (Ontario) (the "**Director of Titles**") to effect certification of the Registration Document(s); and (iii) make other amendments of a non-clerical nature provided the Registration Agent has first received instructions respecting such amendments from the undersigned.

7. The undersigned hereby consent to the release of this Acknowledgment and Direction to the applicable land registry office(s) and the Director of Titles, as may be deemed necessary or desirable by the Registration Agent.
8. A facsimile or electronic transmission of this Acknowledgment and Direction received by the Registration Agent serves as valid execution and delivery of this Acknowledgement and Direction by the Lender and is binding on them and each of their respective successors and assigns.


And this shall be the Registration Agent's good and sufficient and irrevocable authority for so doing.

Signature page follows

Dated this 27 day of June, 2022.

**COMPUTERSHARE TRUST COMPANY
OF CANADA**

Per: 
Name: Jonathan Champoux Cadoche
Title: Corporation Trust Officer

Per: 
Name: Ana Kamami
Title: Associate Trust Officer

I/We have authority to bind the corporation.

Properties

PIN 32040 - 0546 LT *Interest/Estate* Fee Simple
Description FIRSTLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1 2 AND 3
2R5663; SECONDLY: PART LOT 30 CONCESSION 2 SOUTH DUMFRIES PARTS 1
AND 2 2R7264; COUNTY OF BRANT
Address 20 WOODSLEE AVENUE
PARIS

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name EMBLEM CANNABIS CORPORATION
Address for Service 85 Basaltic Road
Concord, Ontario L4K 1G4
Attention: Chief Executive Officer

A person or persons with authority to bind the corporation has/have consented to the registration of this document.
This document is not authorized under Power of Attorney by this party.

Chargee(s) *Capacity* *Share*

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Ave, 8th Floor
Toronto, ON M5J 2Y1

Provisions

Principal \$100,000,000.00 *Currency* CDN
Calculation Period
Balance Due Date See Schedule
Interest Rate See Schedule
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor

Additional Provisions

See Schedules

Signed By

Elena Yim-Bing Leung 181 Bay St., Suite 1800 acting for Signed 2022 06 27
Toronto Chargor(s)
M5J 2T9

Tel 416-863-1500
Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

AIRD & BERLIS LLP 181 Bay St., Suite 1800 2022 06 27
Toronto
M5J 2T9

Tel 416-863-1500
Fax 416-863-1515

Fees/Taxes/Payment

Statutory Registration Fee	\$66.30
Total Paid	\$66.30

File Number

Chargor Client File Number :	172723-DJM
Chargee Client File Number :	93103.1

SCHEDULE "A" – ADDITIONAL PROVISIONS

COLLATERAL MORTGAGE

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In the event of any conflict or inconsistency between the provisions of this Charge or the terms of standard charge terms number 200033 and the provisions of the A&R Debenture Indenture then, notwithstanding anything contained in this Charge or the terms of standard charge terms number 200033, the provisions contained in the A&R Debenture Indenture shall prevail to the extent of such conflict or inconsistency and the provisions of this Charge or the terms of standard charge terms number 200033 shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If there is a representation, warranty, covenant, agreement or event of default contained in this Charge or the terms of standard charge terms number 200033, which is not contained in the A&R Debenture Indenture, or vice versa, such additional provision shall not constitute a conflict but shall be valid and enforceable in accordance with its terms.

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If the Chargor sells, conveys, transfers or enters into any agreement of sale or transfer of the title of the Property or further encumbers of any of the Property (other than in accordance with the

A&R Debenture Indenture) without the written consent of the Chargee, at any time while any amount secured by this Charge remains unpaid and outstanding, the balance of the principal then outstanding and all amounts secured by this Charge shall, at the option of the Chargee, become immediately due and payable.

DEFAULT

The Chargor covenants and agrees that an Event of Default (as defined in the A&R Debenture Indenture) shall constitute concurrent default under this Charge and upon the occurrence of an Event of Default, the Chargee shall be entitled to exercise any and all remedies available to it pursuant to this Charge, and with respect to any or all of the Property.

RECEIVER

Upon the occurrence of an Event of Default, this Charge or any security or any document submitted to the Chargee in connection therewith, the Chargee may, in its discretion, by writing appoint a receiver (which term shall include a receiver and manager) (a “**Receiver**”) of the Property or any part of it and of the rents and profits from it and may from time to time remove any Receiver and appoint another in his place, and in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor unless the Chargee indicates in writing a contrary intention. The following provisions shall apply in respect of the appointment of any Receiver:

- (a) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Property or any part of it;
- (b) such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee and shall have the power to borrow on the security of the Property;
- (c) the Chargee may from time to time fix the remuneration of such Receiver and direct the payment of such remuneration from out of the proceeds of the Property;
- (d) such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever;
- (e) such Receiver shall from time to time have the power to collect, realize, sell or otherwise deal with the Property in such manner, upon such terms and conditions and at such time or times as may seem to the Receiver to be advisable and without notice to the Chargor;
- (f) such Receiver shall from time to time have the power to lease any portion of the Property which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient and, in so doing, such Receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent of the Chargee) and such Receiver shall have authority to execute, under seal or otherwise, any leases of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Property; and

- (g) such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part of it in the name of the Chargor for the purpose of securing the payment of rental from the Property or any part of it, including the power to:
- (i) take proceedings in the name of the Chargor or otherwise and to make any arrangement or compromise;
 - (ii) borrow or raise money on all or any part of the Property in priority to this Charge or otherwise for such purposes as may be approved by the Chargee;
 - (iii) give any and all notices to be given by the Chargor under any leases and exercise any and all rights of the Chargor under them;
 - (iv) do or cause to be done any and all acts and things under any lease and adjust and settle all matters relating to such performance; and
 - (v) institute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of the Property, defend all suits, proceedings and actions against the Chargor or the Receiver, appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and appeal any suit, proceeding or action.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Property in the same manner as if such documentation was duly executed by the Chargor itself.

ACKNOWLEDGMENT AND DIRECTION

TO: Bennett Jones LLP ("**Bennett Jones**")

AND TO: Aird & Bellis LLP

AND TO: Any and all designees of the above (the "**designee**")
Bennett Jones or the designee is the "**Registration Agent**"

RE: Electronic registration of security granted by Aleafia Farms Inc. and Emblem Cannabis Corporation in favour of Computershare Trust Company of Canada, as trustee for the debentureholders (the "**Lender**") pursuant to an amended and restated debenture indenture dated as of the date hereof, as amended, supplemented, restated or replaced from time to time

This will confirm that:

1. The undersigned has the authority to bind the Lender named in the Registration Document(s) (as defined below) and the undersigned has not misrepresented its identity to Bennett Jones.
2. The undersigned has reviewed the information set out in this Acknowledgement and Direction and the Registration Document(s), and the effect of this Acknowledgement and Direction and the Registration Document(s) has been fully explained to the undersigned. The information contained in this Acknowledgement and Direction and the Registration Document(s) is accurate and complete.
3. The Registration Agent is hereby authorized and directed to sign, deliver and register electronically on behalf of the Lender the electronic document(s), substantially in the form attached as document(s) "in preparation" being:
 - (a) a Charge/Mortgage from Aleafia Farms Inc. to the Lender with respect to 378 South Service Road, Grimsby, Ontario;
 - (b) a Notice of Assignment of Rents – General from Aleafia Farms Inc. to the Lender with respect to 378 South Service Road, Grimsby, Ontario;
 - (c) a Charge/Mortgage from Aleafia Farms Inc. to the Lender with respect to 2560 Regional Road 19, Scugog, Ontario;
 - (d) a Notice of Assignment of Rents – General from Aleafia Farms Inc. to the Lender with respect to 2560 Regional Road 19, Scugog, Ontario;
 - (e) a Charge/Mortgage from Emblem Cannabis Corporation to the Lender with respect to 20 Woodslee Avenue, Paris, Ontario;
 - (f) a Notice of Assignment of Rents – General from Emblem Cannabis Corporation to the Lender with respect to 20 Woodslee Avenue, Paris, Ontario.(collectively, the "**Registration Document(s)**").
4. Although the Registration Agent will sign the Registration Document(s) electronically, the Lender will be bound by the Registration Document(s) to the same extent as if it had physically signed it/them.
5. The Registration Agent is hereby authorized and directed to prepare, sign and register or release for registration electronically the Registration Document(s) on behalf of the Lender, along with any other documents which may be necessary in order to register the Registration Document(s).
6. The Registration Agent is hereby authorized to: (i) make any necessary clerical amendments to the Registration Document(s); (ii) make any minor, non-material alterations or amendments that may be necessary to complete the Registration Document(s) or any amendments as may be required by the Land Registrar for the applicable land registry office(s) or by the director of titles appointed under the *Land Titles Act* (Ontario) (the "**Director of Titles**") to effect certification of the Registration Document(s); and (iii) make other amendments of a non-clerical nature provided the Registration Agent has first received instructions respecting such amendments from the undersigned.

7. The undersigned hereby consent to the release of this Acknowledgment and Direction to the applicable land registry office(s) and the Director of Titles, as may be deemed necessary or desirable by the Registration Agent.
8. A facsimile or electronic transmission of this Acknowledgment and Direction received by the Registration Agent serves as valid execution and delivery of this Acknowledgement and Direction by the Lender and is binding on them and each of their respective successors and assigns.


And this shall be the Registration Agent's good and sufficient and irrevocable authority for so doing.

Signature page follows

Dated this 27 day of June, 2022.

**COMPUTERSHARE TRUST COMPANY
OF CANADA**

Per: 
Name: Jonathan Champoux Cadoche
Title: Corporation Trust Officer

Per: 
Name: Ana Kamami
Title: Associate Trust Officer

I/We have authority to bind the corporation.

ASSIGNMENT OF INSURANCE MONIES

THIS AGREEMENT DATED as of the 27th day of June, 2022.

For valuable consideration (the receipt and sufficiency of which are hereby acknowledged), Aleafia Health Inc. (the “**Corporation**”) hereby assigns and transfers to Computershare Trust Company of Canada, in its capacity as trustee (the “**Trustee**”), and on behalf of the Debentureholders (collectively, the “**Creditors**”) under the amended and restated debenture indenture (as amended, modified, supplemented or replaced from time to time, the “**A&R Debenture Indenture**”) dated as of June 27, 2022 between the Corporation and the Trustee, the interest of the Corporation as insured under the policy of insurance described in Schedule “A” annexed hereto (the “**Policy**”). The Policy shall stand as continuing collateral security for the payment of any and all debts, liabilities and obligations (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, for which the Corporation is or may become liable to the Creditors (such debts, liabilities and obligations being hereinafter collectively called the “**Secured Obligations**”).

The Corporation further covenants and agrees as follows:

1. All capitalized terms which are not otherwise defined herein shall have the meaning ascribed thereto in the A&R Debenture Indenture.
2. The insurer named in the Policy is hereby directed by the Corporation to pay all monies originally payable under the Policy to the Corporation (the “**Monies**”) to the Trustee in accordance with this assignment at 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1. The Trustee is authorized to give its receipts therefor which shall be binding upon the Corporation.
3. The Trustee may collect, realize and otherwise deal with the Monies without notice to the Corporation in accordance with the terms of the A&R Debenture Indenture. Any Monies received by the Corporation are received as trustee for the Creditors and shall be forthwith paid over to the Trustee.
4. Any Monies received by the Trustee shall be applied against the Secured Obligations in accordance with the terms of the A&R Debenture Indenture without prejudice to its claims upon the Corporation for any deficiency.
5. The Trustee may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the insurer named in the Policy, the Corporation and others and with the Monies and other securities as the Trustee sees fit without prejudice to the liability to the Corporation or the Trustee’s right to hold or realize this security.
6. The Trustee shall not be liable or accountable for any failure to collect any Monies. The Trustee shall not be bound to institute proceedings for the purpose of collecting any Monies or for the purpose of preserving any rights of the Trustee, the Corporation or any other person in respect thereof.

7. The Trustee may charge on its own behalf, and also pay to others, reasonable sums for expenses incurred and for services rendered (expressly including legal fees and disbursements) in or in connection with collecting, realizing or obtaining payment of any Monies, and may add the amount of such sums to the Secured Obligations.
8. The Corporation shall deliver in writing to the Trustee from time to time upon request by the Trustee such information relating to the Policy as the Trustee may require. The Trustee shall be entitled from time to time, in accordance with the terms of the A&R Debenture Indenture, to inspect any books, papers, documents or records evidencing or relating to the Policy and make copies thereof, and for such purpose the Trustee shall have access to any and all premises containing such books, papers, documents and records occupied by the Corporation.
9. The Corporation shall, upon request by the Trustee, do such acts and things and give such receipts, deeds, transfers, discharges or other instruments as may be necessary to enable the Trustee to obtain payment of the Monies or any other amounts payable to the Trustee hereunder.
10. The Corporation shall forthwith provide the Trustee with an authenticated copy of the Policy recording the Trustee as mortgagee or loss payee, the priority of the Trustee's interest and its full address for service as set forth in paragraph 1 above, and containing a mortgage clause approved by the Insurance Bureau of Canada.
11. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
12. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[Signature page follows]

DATED as of the date first above written.

ALEAFIA HEALTH INC.

DocuSigned by:
By: Tricia Symmes
01B88568EC0C42B...
Name: Tricia Symmes
Title: Chief Executive Officer

DocuSigned by:
By: Matthew Sale
E4E5FDC1EEE4F1...
Name: Matthew Sale
Title: Chief Financial Officer

SCHEDULE "A"
POLICY OF INSURANCE

See attached.

CERTIFICATE OF LIABILITY INSURANCE

ISSUE DATE YYYY/MM/DD
2022/06/28

BROKER



HUB International Ontario Limited
595 Bay Street, Suite 900
Toronto, ON M5G 2E3
PHONE: 416-619-8000 FAX: 416-619-8001

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

Company A	Wynward Insurance (NextWave)
Company B	
Company C	
Company D	
Company E	

INSURED'S FULL NAME AND MAILING ADDRESS

Aleafia Inc. and Emblem Cannabis Corporation
85 Basaltic Road
Concord, ON L4K 1G4
Canada

COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies.

LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

TYPE OF INSURANCE	CO LTR	POLICY NUMBER	EFFECTIVE DATE YYYY/MM/DD	EXPIRY DATE YYYY/MM/DD	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)		
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input checked="" type="checkbox"/> EMPLOYER'S LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input checked="" type="checkbox"/> HIRED AUTOMOBILE	A	NWIC1001194	2022/02/21	2023/01/31	EACH OCCURRENCE	\$ 15,000,000	
					GENERAL AGGREGATE	\$ 25,000,000	
					PRODUCTS - COMP/OP AGGREGATE	\$ 15,000,000	
					PERSONAL INJURY	\$ 15,000,000	
					EMPLOYER'S LIABILITY	\$ 15,000,000	
					TENANT'S LEGAL LIABILITY	\$ 15,000,000	
					NON-OWNED AUTOMOBILE	\$ 15,000,000	
					HIRED AUTOMOBILE	\$ 15,000,000	
AUTOMOBILE LIABILITY <input type="checkbox"/> DESCRIBED AUTOMOBILES <input type="checkbox"/> ALL OWNED AUTOMOBILES <input type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <input type="checkbox"/>				BODILY INJURY PROPERTY DAMAGE COMBINED	\$		
				BODILY INJURY (Per person)	\$		
				BODILY INJURY (Per accident)	\$		
				PROPERTY DAMAGE	\$		
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM					EACH OCCURRENCE	\$	
					AGGREGATE	\$	
OTHER (SPECIFY)						\$	
						\$	
						\$	
						\$	
						\$	

DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS TO WHICH THIS CERTIFICATE APPLIES (but only with respect to the operations of the Named Insured)

Commercial Property
Policy No. NWIC1001194
Effective: February 21, 2022 - January 31, 2023

RE:
2560 Regional Road 19, Scugog, ON L9L 1B3
Property Value: \$5,602,045
Business Interruption: \$5,732,210

378 South Service Road, Grimsby, ON L3M 5A5
Property Value: \$13,797,486
(continued next page)


CERTIFICATE HOLDER

TO WHOM IT MAY CONCERN
c/o Aleafia Health, Inc.
85 Basaltic Road
Concord, ON L4K 1G4
Canada

CANCELLATION

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

AUTHORIZED REPRESENTATIVE

Per: 

AGENCY CUSTOMER ID: _____

LOC #: _____

ADDITIONAL REMARKS SCHEDULE

Page 2 of 2

PRODUCER HUB International Ontario Limited		INSURED Aleafia Inc. and Emblem Cannabis Corporation	
POLICY NUMBER			
CARRIER	NAIC CODE	ISSUE DATE: 06/28/2022	

ADDITIONAL REMARKS

(continued from previous page)

Business Interruption: \$4,110,774

20 Woodslee Avenue, Paris, ON N2L 3N6

Property Value: \$25,453,451

Business Interruption: \$6,658,113

ASSIGNMENT OF INSURANCE MONIES

THIS AGREEMENT DATED as of the 27th day of June, 2022.

For valuable consideration (the receipt and sufficiency of which are hereby acknowledged), Emblem Cannabis Corporation (the “**Corporation**”) hereby assigns and transfers to Computershare Trust Company of Canada, in its capacity as trustee (the “**Trustee**”), and on behalf of the Debentureholders (collectively, the “**Creditors**”) under the amended and restated debenture indenture (as amended, modified, supplemented or replaced from time to time, the “**A&R Debenture Indenture**”) dated as of June 27, 2022 between the Corporation and the Trustee, the interest of the Corporation as insured under the policy of insurance described in Schedule “A” annexed hereto (the “**Policy**”). The Policy shall stand as continuing collateral security for the payment of any and all debts, liabilities and obligations (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, for which the Corporation is or may become liable to the Creditors (such debts, liabilities and obligations being hereinafter collectively called the “**Secured Obligations**”).

The Corporation further covenants and agrees as follows:

1. All capitalized terms which are not otherwise defined herein shall have the meaning ascribed thereto in the A&R Debenture Indenture.
2. The insurer named in the Policy is hereby directed by the Corporation to pay all monies originally payable under the Policy to the Corporation (the “**Monies**”) to the Trustee in accordance with this assignment at 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1. The Trustee is authorized to give its receipts therefor which shall be binding upon the Corporation.
3. The Trustee may collect, realize and otherwise deal with the Monies without notice to the Corporation in accordance with the terms of the A&R Debenture Indenture. Any Monies received by the Corporation are received as trustee for the Creditors and shall be forthwith paid over to the Trustee.
4. Any Monies received by the Trustee shall be applied against the Secured Obligations in accordance with the terms of the A&R Debenture Indenture without prejudice to its claims upon the Corporation for any deficiency.
5. The Trustee may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the insurer named in the Policy, the Corporation and others and with the Monies and other securities as the Trustee sees fit without prejudice to the liability to the Corporation or the Trustee’s right to hold or realize this security.
6. The Trustee shall not be liable or accountable for any failure to collect any Monies. The Trustee shall not be bound to institute proceedings for the purpose of collecting any Monies or for the purpose of preserving any rights of the Trustee, the Corporation or any other person in respect thereof.

7. The Trustee may charge on its own behalf, and also pay to others, reasonable sums for expenses incurred and for services rendered (expressly including legal fees and disbursements) in or in connection with collecting, realizing or obtaining payment of any Monies, and may add the amount of such sums to the Secured Obligations.
8. The Corporation shall deliver in writing to the Trustee from time to time upon request by the Trustee such information relating to the Policy as the Trustee may require. The Trustee shall be entitled from time to time, in accordance with the terms of the A&R Debenture Indenture, to inspect any books, papers, documents or records evidencing or relating to the Policy and make copies thereof, and for such purpose the Trustee shall have access to any and all premises containing such books, papers, documents and records occupied by the Corporation.
9. The Corporation shall, upon request by the Trustee, do such acts and things and give such receipts, deeds, transfers, discharges or other instruments as may be necessary to enable the Trustee to obtain payment of the Monies or any other amounts payable to the Trustee hereunder.
10. The Corporation shall forthwith provide the Trustee with an authenticated copy of the Policy recording the Trustee as mortgagee or loss payee, the priority of the Trustee's interest and its full address for service as set forth in paragraph 1 above, and containing a mortgage clause approved by the Insurance Bureau of Canada.
11. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
12. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[Signature page follows]

DATED as of the date first above written.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
By: Tricia Symmes
01B88568EC0C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
By: Matthew Sale
E4E5FDC1EEE44F1...
Name: Matthew Sale
Title: Secretary and Treasurer

SCHEDULE "A"
POLICY OF INSURANCE

See attached.

CERTIFICATE OF LIABILITY INSURANCE

ISSUE DATE YYYY/MM/DD
2022/06/28

BROKER



HUB International Ontario Limited
595 Bay Street, Suite 900
Toronto, ON M5G 2E3
PHONE: 416-619-8000 FAX: 416-619-8001

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

Company A	Wynward Insurance (NextWave)
Company B	
Company C	
Company D	
Company E	

INSURED'S FULL NAME AND MAILING ADDRESS

Aleafia Inc. and Emblem Cannabis Corporation
85 Basaltic Road
Concord, ON L4K 1G4
Canada

COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies.

LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

TYPE OF INSURANCE	CO LTR	POLICY NUMBER	EFFECTIVE DATE YYYY/MM/DD	EXPIRY DATE YYYY/MM/DD	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)					
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input checked="" type="checkbox"/> EMPLOYER'S LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input checked="" type="checkbox"/> HIRED AUTOMOBILE	A	NWIC1001194	2022/02/21	2023/01/31	EACH OCCURRENCE	\$ 15,000,000				
					GENERAL AGGREGATE	\$ 25,000,000				
					PRODUCTS - COMP/OP AGGREGATE	\$ 15,000,000				
					PERSONAL INJURY	\$ 15,000,000				
					EMPLOYER'S LIABILITY	\$ 15,000,000				
					TENANT'S LEGAL LIABILITY	\$ 15,000,000				
					NON-OWNED AUTOMOBILE	\$ 15,000,000				
					HIRED AUTOMOBILE	\$ 15,000,000				
					AUTOMOBILE LIABILITY					
					<input type="checkbox"/> DESCRIBED AUTOMOBILES <input type="checkbox"/> ALL OWNED AUTOMOBILES <input type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <input type="checkbox"/>					BODILY INJURY PROPERTY DAMAGE COMBINED
** ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE										
EXCESS LIABILITY										
<input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM					EACH OCCURRENCE	\$				
OTHER (SPECIFY)										

DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS TO WHICH THIS CERTIFICATE APPLIES (but only with respect to the operations of the Named Insured)

Commercial Property
Policy No. NWIC1001194
Effective: February 21, 2022 - January 31, 2023

RE:
2560 Regional Road 19, Scugog, ON L9L 1B3
Property Value: \$5,602,045
Business Interruption: \$5,732,210

378 South Service Road, Grimsby, ON L3M 5A5
Property Value: \$13,797,486
(continued next page)

CERTIFICATE HOLDER

TO WHOM IT MAY CONCERN
c/o Aleafia Health, Inc.
85 Basaltic Road
Concord, ON L4K 1G4
Canada

CANCELLATION

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

AUTHORIZED REPRESENTATIVE



Per: _____

AGENCY CUSTOMER ID: _____

LOC #: _____

ADDITIONAL REMARKS SCHEDULE

Page 2 of 2

PRODUCER HUB International Ontario Limited		INSURED Aleafia Inc. and Emblem Cannabis Corporation	
POLICY NUMBER			
CARRIER	NAIC CODE		
		ISSUE DATE: 06/28/2022	

ADDITIONAL REMARKS

(continued from previous page)

Business Interruption: \$4,110,774

20 Woodslee Avenue, Paris, ON N2L 3N6

Property Value: \$25,453,451

Business Interruption: \$6,658,113

ASSIGNMENT OF INSURANCE MONIES

THIS AGREEMENT DATED as of the 27th day of June, 2022.

For valuable consideration (the receipt and sufficiency of which are hereby acknowledged), Aleafia Farms Inc. (the “**Corporation**”) hereby assigns and transfers to Computershare Trust Company of Canada, in its capacity as trustee (the “**Trustee**”), and on behalf of the Debentureholders (collectively, the “**Creditors**”) under the amended and restated debenture indenture (as amended, modified, supplemented or replaced from time to time, the “**A&R Debenture Indenture**”) dated as of June 27, 2022 between the Corporation and the Trustee, the interest of the Corporation as insured under the policy of insurance described in Schedule “A” annexed hereto (the “**Policy**”). The Policy shall stand as continuing collateral security for the payment of any and all debts, liabilities and obligations (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, for which the Corporation is or may become liable to the Creditors (such debts, liabilities and obligations being hereinafter collectively called the “**Secured Obligations**”).

The Corporation further covenants and agrees as follows:

1. All capitalized terms which are not otherwise defined herein shall have the meaning ascribed thereto in the A&R Debenture Indenture.
2. The insurer named in the Policy is hereby directed by the Corporation to pay all monies originally payable under the Policy to the Corporation (the “**Monies**”) to the Trustee in accordance with this assignment at 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1. The Trustee is authorized to give its receipts therefor which shall be binding upon the Corporation.
3. The Trustee may collect, realize and otherwise deal with the Monies without notice to the Corporation in accordance with the terms of the A&R Debenture Indenture. Any Monies received by the Corporation are received as trustee for the Creditors and shall be forthwith paid over to the Trustee.
4. Any Monies received by the Trustee shall be applied against the Secured Obligations in accordance with the terms of the A&R Debenture Indenture without prejudice to its claims upon the Corporation for any deficiency.
5. The Trustee may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the insurer named in the Policy, the Corporation and others and with the Monies and other securities as the Trustee sees fit without prejudice to the liability to the Corporation or the Trustee’s right to hold or realize this security.
6. The Trustee shall not be liable or accountable for any failure to collect any Monies. The Trustee shall not be bound to institute proceedings for the purpose of collecting any Monies or for the purpose of preserving any rights of the Trustee, the Corporation or any other person in respect thereof.

7. The Trustee may charge on its own behalf, and also pay to others, reasonable sums for expenses incurred and for services rendered (expressly including legal fees and disbursements) in or in connection with collecting, realizing or obtaining payment of any Monies, and may add the amount of such sums to the Secured Obligations.
8. The Corporation shall deliver in writing to the Trustee from time to time upon request by the Trustee such information relating to the Policy as the Trustee may require. The Trustee shall be entitled from time to time, in accordance with the terms of the A&R Debenture Indenture, to inspect any books, papers, documents or records evidencing or relating to the Policy and make copies thereof, and for such purpose the Trustee shall have access to any and all premises containing such books, papers, documents and records occupied by the Corporation.
9. The Corporation shall, upon request by the Trustee, do such acts and things and give such receipts, deeds, transfers, discharges or other instruments as may be necessary to enable the Trustee to obtain payment of the Monies or any other amounts payable to the Trustee hereunder.
10. The Corporation shall forthwith provide the Trustee with an authenticated copy of the Policy recording the Trustee as mortgagee or loss payee, the priority of the Trustee's interest and its full address for service as set forth in paragraph 1 above, and containing a mortgage clause approved by the Insurance Bureau of Canada.
11. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
12. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[Signature page follows]

DATED as of the date first above written.

ALEAFIA FARMS INC.

DocuSigned by:
By: Tricia Symmes
01B88568ECC42B
Name: Tricia Symmes
Title: President

DocuSigned by:
By: Matthew Sale
E4E5FDC1EEE4F1
Name: Matthew Sale
Title: Secretary and Treasurer

SCHEDULE "A"
POLICY OF INSURANCE

See attached.

CERTIFICATE OF LIABILITY INSURANCE

ISSUE DATE YYYY/MM/DD
2022/06/28

BROKER



HUB International Ontario Limited
595 Bay Street, Suite 900
Toronto, ON M5G 2E3
PHONE: 416-619-8000 FAX: 416-619-8001

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

Company A	Wynward Insurance (NextWave)
Company B	
Company C	
Company D	
Company E	

INSURED'S FULL NAME AND MAILING ADDRESS

Aleafia Inc. and Emblem Cannabis Corporation
85 Basaltic Road
Concord, ON L4K 1G4
Canada

COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies.

LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

TYPE OF INSURANCE	CO LTR	POLICY NUMBER	EFFECTIVE DATE YYYY/MM/DD	EXPIRY DATE YYYY/MM/DD	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)		
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input checked="" type="checkbox"/> EMPLOYER'S LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input checked="" type="checkbox"/> HIRED AUTOMOBILE	A	NWIC1001194	2022/02/21	2023/01/31	EACH OCCURRENCE	\$ 15,000,000	
					GENERAL AGGREGATE	\$ 25,000,000	
					PRODUCTS - COMP/OP AGGREGATE	\$ 15,000,000	
					PERSONAL INJURY	\$ 15,000,000	
					EMPLOYER'S LIABILITY	\$ 15,000,000	
					TENANT'S LEGAL LIABILITY	\$ 15,000,000	
					NON-OWNED AUTOMOBILE	\$ 15,000,000	
					HIRED AUTOMOBILE	\$ 15,000,000	
AUTOMOBILE LIABILITY <input type="checkbox"/> DESCRIBED AUTOMOBILES <input type="checkbox"/> ALL OWNED AUTOMOBILES <input type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <input type="checkbox"/>				BODILY INJURY PROPERTY DAMAGE COMBINED	\$		
				BODILY INJURY (Per person)	\$		
				BODILY INJURY (Per accident)	\$		
				PROPERTY DAMAGE	\$		
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM					EACH OCCURRENCE	\$	
					AGGREGATE	\$	
OTHER (SPECIFY)						\$	
						\$	
						\$	
						\$	
						\$	

DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS TO WHICH THIS CERTIFICATE APPLIES (but only with respect to the operations of the Named Insured)

Commercial Property
Policy No. NWIC1001194
Effective: February 21, 2022 - January 31, 2023

RE:
2560 Regional Road 19, Scugog, ON L9L 1B3
Property Value: \$5,602,045
Business Interruption: \$5,732,210

378 South Service Road, Grimsby, ON L3M 5A5
Property Value: \$13,797,486
(continued next page)


CERTIFICATE HOLDER

TO WHOM IT MAY CONCERN
c/o Aleafia Health, Inc.
85 Basaltic Road
Concord, ON L4K 1G4
Canada

CANCELLATION

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

AUTHORIZED REPRESENTATIVE

Per: 

AGENCY CUSTOMER ID: _____

LOC #: _____

ADDITIONAL REMARKS SCHEDULE

Page 2 of 2

PRODUCER HUB International Ontario Limited		INSURED Aleafia Inc. and Emblem Cannabis Corporation	
POLICY NUMBER			
CARRIER	NAIC CODE	ISSUE DATE: 06/28/2022	

ADDITIONAL REMARKS

(continued from previous page)

Business Interruption: \$4,110,774

20 Woodslee Avenue, Paris, ON N2L 3N6

Property Value: \$25,453,451

Business Interruption: \$6,658,113

ASSIGNMENT OF INSURANCE MONIES

THIS AGREEMENT DATED as of the 27th day of June, 2022.

For valuable consideration (the receipt and sufficiency of which are hereby acknowledged), Emblem Corp. (the “**Corporation**”) hereby assigns and transfers to Computershare Trust Company of Canada, in its capacity as trustee (the “**Trustee**”), and on behalf of the Debentureholders (collectively, the “**Creditors**”) under the amended and restated debenture indenture (as amended, modified, supplemented or replaced from time to time, the “**A&R Debenture Indenture**”) dated as of June 27, 2022 between the Corporation and the Trustee, the interest of the Corporation as insured under the policy of insurance described in Schedule “A” annexed hereto (the “**Policy**”). The Policy shall stand as continuing collateral security for the payment of any and all debts, liabilities and obligations (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, for which the Corporation is or may become liable to the Creditors (such debts, liabilities and obligations being hereinafter collectively called the “**Secured Obligations**”).

The Corporation further covenants and agrees as follows:

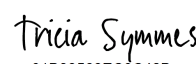
1. All capitalized terms which are not otherwise defined herein shall have the meaning ascribed thereto in the A&R Debenture Indenture.
2. The insurer named in the Policy is hereby directed by the Corporation to pay all monies originally payable under the Policy to the Corporation (the “**Monies**”) to the Trustee in accordance with this assignment at 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1. The Trustee is authorized to give its receipts therefor which shall be binding upon the Corporation.
3. The Trustee may collect, realize and otherwise deal with the Monies without notice to the Corporation in accordance with the terms of the A&R Debenture Indenture. Any Monies received by the Corporation are received as trustee for the Creditors and shall be forthwith paid over to the Trustee.
4. Any Monies received by the Trustee shall be applied against the Secured Obligations in accordance with the terms of the A&R Debenture Indenture without prejudice to its claims upon the Corporation for any deficiency.
5. The Trustee may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the insurer named in the Policy, the Corporation and others and with the Monies and other securities as the Trustee sees fit without prejudice to the liability to the Corporation or the Trustee’s right to hold or realize this security.
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7. The Trustee may charge on its own behalf, and also pay to others, reasonable sums for expenses incurred and for services rendered (expressly including legal fees and disbursements) in or in connection with collecting, realizing or obtaining payment of any Monies, and may add the amount of such sums to the Secured Obligations.
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9. The Corporation shall, upon request by the Trustee, do such acts and things and give such receipts, deeds, transfers, discharges or other instruments as may be necessary to enable the Trustee to obtain payment of the Monies or any other amounts payable to the Trustee hereunder.
10. The Corporation shall forthwith provide the Trustee with an authenticated copy of the Policy recording the Trustee as mortgagee or loss payee, the priority of the Trustee's interest and its full address for service as set forth in paragraph 1 above, and containing a mortgage clause approved by the Insurance Bureau of Canada.
11. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
12. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.


[Signature page follows]

DATED as of the date first above written.

EMBLEM CORP.

By: DocuSigned by:

01B88568EC0C42B...

Name: Tricia Symmes
Title: President

By: DocuSigned by:

E4E5FDG1EEE44F1...

Name: Matthew Sale
Title: Secretary and Treasurer

SCHEDULE "A"
POLICY OF INSURANCE

See attached.

CERTIFICATE OF LIABILITY INSURANCE

ISSUE DATE YYYY/MM/DD
2022/06/28

BROKER



HUB International Ontario Limited
595 Bay Street, Suite 900
Toronto, ON M5G 2E3
PHONE: 416-619-8000 FAX: 416-619-8001

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

Company A	Wynward Insurance (NextWave)
Company B	
Company C	
Company D	
Company E	

INSURED'S FULL NAME AND MAILING ADDRESS

Aleafia Inc. and Emblem Cannabis Corporation
85 Basaltic Road
Concord, ON L4K 1G4
Canada

COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies.

LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

TYPE OF INSURANCE	CO LTR	POLICY NUMBER	EFFECTIVE DATE YYYY/MM/DD	EXPIRY DATE YYYY/MM/DD	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)					
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input checked="" type="checkbox"/> EMPLOYER'S LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input checked="" type="checkbox"/> HIRED AUTOMOBILE	A	NWIC1001194	2022/02/21	2023/01/31	EACH OCCURRENCE	\$ 15,000,000				
					GENERAL AGGREGATE	\$ 25,000,000				
					PRODUCTS - COMP/OP AGGREGATE	\$ 15,000,000				
					PERSONAL INJURY	\$ 15,000,000				
					EMPLOYER'S LIABILITY	\$ 15,000,000				
					TENANT'S LEGAL LIABILITY	\$ 15,000,000				
					NON-OWNED AUTOMOBILE	\$ 15,000,000				
					HIRED AUTOMOBILE	\$ 15,000,000				
					AUTOMOBILE LIABILITY					
					<input type="checkbox"/> DESCRIBED AUTOMOBILES <input type="checkbox"/> ALL OWNED AUTOMOBILES <input type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <input type="checkbox"/>					BODILY INJURY PROPERTY DAMAGE COMBINED
** ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE										
EXCESS LIABILITY										
<input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM					EACH OCCURRENCE	\$				
OTHER (SPECIFY)										

DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS TO WHICH THIS CERTIFICATE APPLIES (but only with respect to the operations of the Named Insured)

Commercial Property
Policy No. NWIC1001194
Effective: February 21, 2022 - January 31, 2023

RE:
2560 Regional Road 19, Scugog, ON L9L 1B3
Property Value: \$5,602,045
Business Interruption: \$5,732,210

378 South Service Road, Grimsby, ON L3M 5A5
Property Value: \$13,797,486
(continued next page)


CERTIFICATE HOLDER

TO WHOM IT MAY CONCERN
c/o Aleafia Health, Inc.
85 Basaltic Road
Concord, ON L4K 1G4
Canada

CANCELLATION

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

AUTHORIZED REPRESENTATIVE

Per: 

AGENCY CUSTOMER ID: _____

LOC #: _____

ADDITIONAL REMARKS SCHEDULE

Page 2 of 2

PRODUCER HUB International Ontario Limited		INSURED Aleafia Inc. and Emblem Cannabis Corporation	
POLICY NUMBER			
CARRIER	NAIC CODE		
		ISSUE DATE: 06/28/2022	

ADDITIONAL REMARKS

(continued from previous page)

Business Interruption: \$4,110,774

20 Woodslee Avenue, Paris, ON N2L 3N6

Property Value: \$25,453,451

Business Interruption: \$6,658,113

ASSIGNMENT OF INSURANCE MONIES

THIS AGREEMENT DATED as of the 27th day of June, 2022.

For valuable consideration (the receipt and sufficiency of which are hereby acknowledged), Canabo Medical Corporation (the “**Corporation**”) hereby assigns and transfers to Computershare Trust Company of Canada, in its capacity as trustee (the “**Trustee**”), and on behalf of the Debentureholders (collectively, the “**Creditors**”) under the amended and restated debenture indenture (as amended, modified, supplemented or replaced from time to time, the “**A&R Debenture Indenture**”) dated as of June 27, 2022 between the Corporation and the Trustee, the interest of the Corporation as insured under the policy of insurance described in Schedule “A” annexed hereto (the “**Policy**”). The Policy shall stand as continuing collateral security for the payment of any and all debts, liabilities and obligations (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, for which the Corporation is or may become liable to the Creditors (such debts, liabilities and obligations being hereinafter collectively called the “**Secured Obligations**”).

The Corporation further covenants and agrees as follows:

1. All capitalized terms which are not otherwise defined herein shall have the meaning ascribed thereto in the A&R Debenture Indenture.
2. The insurer named in the Policy is hereby directed by the Corporation to pay all monies originally payable under the Policy to the Corporation (the “**Monies**”) to the Trustee in accordance with this assignment at 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1. The Trustee is authorized to give its receipts therefor which shall be binding upon the Corporation.
3. The Trustee may collect, realize and otherwise deal with the Monies without notice to the Corporation in accordance with the terms of the A&R Debenture Indenture. Any Monies received by the Corporation are received as trustee for the Creditors and shall be forthwith paid over to the Trustee.
4. Any Monies received by the Trustee shall be applied against the Secured Obligations in accordance with the terms of the A&R Debenture Indenture without prejudice to its claims upon the Corporation for any deficiency.
5. The Trustee may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the insurer named in the Policy, the Corporation and others and with the Monies and other securities as the Trustee sees fit without prejudice to the liability to the Corporation or the Trustee’s right to hold or realize this security.
6. The Trustee shall not be liable or accountable for any failure to collect any Monies. The Trustee shall not be bound to institute proceedings for the purpose of collecting any Monies or for the purpose of preserving any rights of the Trustee, the Corporation or any other person in respect thereof.

7. The Trustee may charge on its own behalf, and also pay to others, reasonable sums for expenses incurred and for services rendered (expressly including legal fees and disbursements) in or in connection with collecting, realizing or obtaining payment of any Monies, and may add the amount of such sums to the Secured Obligations.
8. The Corporation shall deliver in writing to the Trustee from time to time upon request by the Trustee such information relating to the Policy as the Trustee may require. The Trustee shall be entitled from time to time, in accordance with the terms of the A&R Debenture Indenture, to inspect any books, papers, documents or records evidencing or relating to the Policy and make copies thereof, and for such purpose the Trustee shall have access to any and all premises containing such books, papers, documents and records occupied by the Corporation.
9. The Corporation shall, upon request by the Trustee, do such acts and things and give such receipts, deeds, transfers, discharges or other instruments as may be necessary to enable the Trustee to obtain payment of the Monies or any other amounts payable to the Trustee hereunder.
10. The Corporation shall forthwith provide the Trustee with an authenticated copy of the Policy recording the Trustee as mortgagee or loss payee, the priority of the Trustee's interest and its full address for service as set forth in paragraph 1 above, and containing a mortgage clause approved by the Insurance Bureau of Canada.
11. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
12. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[Signature page follows]

DATED as of the date first above written.

CANABO MEDICAL CORPORATION

DocuSigned by:
By: Tricia Symmes
01B08568E60C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
By: Matthew Sale
E4E5F0C1EEE44E1...
Name: Matthew Sale
Title: Secretary and Treasurer

SCHEDULE "A"
POLICY OF INSURANCE

See attached.

CERTIFICATE OF LIABILITY INSURANCE

ISSUE DATE YYYY/MM/DD
2022/06/28

BROKER



HUB International Ontario Limited
595 Bay Street, Suite 900
Toronto, ON M5G 2E3
PHONE: 416-619-8000 FAX: 416-619-8001

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

Company A	Wynward Insurance (NextWave)
Company B	
Company C	
Company D	
Company E	

INSURED'S FULL NAME AND MAILING ADDRESS

Aleafia Inc. and Emblem Cannabis Corporation
85 Basaltic Road
Concord, ON L4K 1G4
Canada

COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies.

LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

TYPE OF INSURANCE	CO LTR	POLICY NUMBER	EFFECTIVE DATE YYYY/MM/DD	EXPIRY DATE YYYY/MM/DD	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)		
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input checked="" type="checkbox"/> EMPLOYER'S LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input checked="" type="checkbox"/> HIRED AUTOMOBILE	A	NWIC1001194	2022/02/21	2023/01/31	EACH OCCURRENCE	\$ 15,000,000	
					GENERAL AGGREGATE	\$ 25,000,000	
					PRODUCTS - COMP/OP AGGREGATE	\$ 15,000,000	
					PERSONAL INJURY	\$ 15,000,000	
					EMPLOYER'S LIABILITY	\$ 15,000,000	
					TENANT'S LEGAL LIABILITY	\$ 15,000,000	
					NON-OWNED AUTOMOBILE	\$ 15,000,000	
					HIRED AUTOMOBILE	\$ 15,000,000	
AUTOMOBILE LIABILITY <input type="checkbox"/> DESCRIBED AUTOMOBILES <input type="checkbox"/> ALL OWNED AUTOMOBILES <input type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <input type="checkbox"/>				BODILY INJURY PROPERTY DAMAGE COMBINED	\$		
				BODILY INJURY (Per person)	\$		
				BODILY INJURY (Per accident)	\$		
				PROPERTY DAMAGE	\$		
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM					EACH OCCURRENCE	\$	
					AGGREGATE	\$	
OTHER (SPECIFY)						\$	
						\$	
						\$	
						\$	
						\$	

DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS TO WHICH THIS CERTIFICATE APPLIES (but only with respect to the operations of the Named Insured)

Commercial Property
Policy No. NWIC1001194
Effective: February 21, 2022 - January 31, 2023

RE:
2560 Regional Road 19, Scugog, ON L9L 1B3
Property Value: \$5,602,045
Business Interruption: \$5,732,210

378 South Service Road, Grimsby, ON L3M 5A5
Property Value: \$13,797,486
(continued next page)


CERTIFICATE HOLDER

TO WHOM IT MAY CONCERN
c/o Aleafia Health, Inc.
85 Basaltic Road
Concord, ON L4K 1G4
Canada

CANCELLATION

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

AUTHORIZED REPRESENTATIVE

Per: 

AGENCY CUSTOMER ID: _____

LOC #: _____

ADDITIONAL REMARKS SCHEDULE

Page 2 of 2

PRODUCER HUB International Ontario Limited		INSURED Aleafia Inc. and Emblem Cannabis Corporation	
POLICY NUMBER			
CARRIER	NAIC CODE	ISSUE DATE: 06/28/2022	

ADDITIONAL REMARKS

(continued from previous page)

Business Interruption: \$4,110,774

20 Woodslee Avenue, Paris, ON N2L 3N6

Property Value: \$25,453,451

Business Interruption: \$6,658,113

ASSIGNMENT OF INSURANCE MONIES

THIS AGREEMENT DATED as of the 27th day of June, 2022.

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The Corporation further covenants and agrees as follows:

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2. The insurer named in the Policy is hereby directed by the Corporation to pay all monies originally payable under the Policy to the Corporation (the “**Monies**”) to the Trustee in accordance with this assignment at 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1. The Trustee is authorized to give its receipts therefor which shall be binding upon the Corporation.
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7. The Trustee may charge on its own behalf, and also pay to others, reasonable sums for expenses incurred and for services rendered (expressly including legal fees and disbursements) in or in connection with collecting, realizing or obtaining payment of any Monies, and may add the amount of such sums to the Secured Obligations.
8. The Corporation shall deliver in writing to the Trustee from time to time upon request by the Trustee such information relating to the Policy as the Trustee may require. The Trustee shall be entitled from time to time, in accordance with the terms of the A&R Debenture Indenture, to inspect any books, papers, documents or records evidencing or relating to the Policy and make copies thereof, and for such purpose the Trustee shall have access to any and all premises containing such books, papers, documents and records occupied by the Corporation.
9. The Corporation shall, upon request by the Trustee, do such acts and things and give such receipts, deeds, transfers, discharges or other instruments as may be necessary to enable the Trustee to obtain payment of the Monies or any other amounts payable to the Trustee hereunder.
10. The Corporation shall forthwith provide the Trustee with an authenticated copy of the Policy recording the Trustee as mortgagee or loss payee, the priority of the Trustee's interest and its full address for service as set forth in paragraph 1 above, and containing a mortgage clause approved by the Insurance Bureau of Canada.
11. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
12. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[Signature page follows]

DATED as of the date first above written.

ALEAFIA INC.

DocuSigned by:
By: Tricia Symmes
01B88568E66C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
By: Matthew Sale
E4E6FDC1EEE44F1...
Name: Matthew Sale
Title: Secretary and Treasurer

SCHEDULE "A"
POLICY OF INSURANCE

See attached.

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ISSUE DATE YYYY/MM/DD
2022/06/28

BROKER



HUB International Ontario Limited
595 Bay Street, Suite 900
Toronto, ON M5G 2E3
PHONE: 416-619-8000 FAX: 416-619-8001

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

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Company C	
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Aleafia Inc. and Emblem Cannabis Corporation
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Concord, ON L4K 1G4
Canada

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AUTOMOBILE LIABILITY <input type="checkbox"/> DESCRIBED AUTOMOBILES <input type="checkbox"/> ALL OWNED AUTOMOBILES <input type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <input type="checkbox"/>				BODILY INJURY PROPERTY DAMAGE COMBINED	\$		
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						\$	
						\$	
						\$	
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Policy No. NWIC1001194
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Property Value: \$5,602,045
Business Interruption: \$5,732,210

378 South Service Road, Grimsby, ON L3M 5A5
Property Value: \$13,797,486
(continued next page)


CERTIFICATE HOLDER

TO WHOM IT MAY CONCERN
c/o Aleafia Health, Inc.
85 Basaltic Road
Concord, ON L4K 1G4
Canada

CANCELLATION

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

AUTHORIZED REPRESENTATIVE

Per: 

AGENCY CUSTOMER ID: _____

LOC #: _____

ADDITIONAL REMARKS SCHEDULE

Page 2 of 2

PRODUCER HUB International Ontario Limited		INSURED Aleafia Inc. and Emblem Cannabis Corporation	
POLICY NUMBER			
CARRIER	NAIC CODE	ISSUE DATE: 06/28/2022	

ADDITIONAL REMARKS

(continued from previous page)

Business Interruption: \$4,110,774

20 Woodslee Avenue, Paris, ON N2L 3N6

Property Value: \$25,453,451

Business Interruption: \$6,658,113

SUBORDINATION, POSTPONEMENT AND STANDSTILL AGREEMENT

TO: NE SPC II LP (the “Lender”)

Re: Lender credit facilities in favour of Aleafia Health Inc. (the “Borrower”), Emblem Cannabis Corporation (“Emblem”) and Aleafia Farms Inc. (“AFI”)

DATE: June 27, 2022

WHEREAS the Lender, the Borrower, Emblem, AFI, Emblem Corp., Canabo Medical Corporation and Aleafia Inc. have entered into a loan agreement dated as of December 24, 2021, as (such agreement as amended, restated, supplemented, replaced or otherwise modified from time to time, the “**Loan Agreement**”);

AND WHEREAS the Lender has been or may be granted security interests, claims, charges, liens or other encumbrances by the Borrower, Emblem, AFI, Emblem Corp., Canabo Medical Corporation and Aleafia Inc. (collectively, the “**Obligors**” and each an “**Obligor**”) and has registered or may register such security interest, claims, charges, liens and other encumbrances against one or more of the Obligors, including, without limitation, under the *Personal Property Security Act* of any Province or Territory of Canada or other applicable personal property security legislation, or under the *Land Titles Act* (Ontario) or *Registry Act* (Ontario) or other applicable land registry legislation (the “**Senior Security**”);

AND WHEREAS the Lender requires a security position in priority to the undersigned against all of the Obligors’ respective present and after-acquired property, assets and undertakings as a condition to extending credit to the Borrowers;

AND WHEREAS pursuant to the terms of an amended and restated debenture indenture dated as of the date hereof (as amended, supplemented, restated, or replaced from time to time, the “**Subordinate Indenture**”) between the Borrower and Computershare Trust Company of Canada (“**CTCC**”), in its capacity as trustee and on behalf of the Debentureholders (as defined in the Subordinate Indenture), CTCC on its own behalf and on behalf of the Debentureholders (collectively, the “**Subordinate Creditors**”) has been or may be granted security interests, claims, charges, liens or other encumbrances by any of the Obligors and has registered or may register such security interests, claims, charges, liens or other encumbrances against any of the Obligors, including, without limitation, under the *Personal Property Security Act* of any Province or Territory of Canada or other applicable personal property security legislation, or under the *Land Titles Act* (Ontario) or *Registry Act* (Ontario) or other applicable land registry legislation (the “**Subordinate Security**”);

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the undersigned, the Subordinate Creditors hereby consent to the Senior Security granted by the Obligors to and in favour of the Lender and acknowledge, covenant and agree to and in favour of the Lender:

1. From the date hereof to December 31, 2023, all present and future indebtedness and liability of the Obligors to the Subordinate Creditors under the Subordinate Indenture and the Debentures (as defined in the Subordinate Indenture) (collectively, the “**Subordinated Obligations**”) are hereby subordinated, deferred and postponed to all present and future indebtedness and liability of the Obligors to the Lender under the Loan Agreement and no payment shall be made or received on account of the Subordinated Obligations (including, without limitation, in connection with any conversion, redemption or purchase of Debentures, in whole or in part), and any and all moneys received by the Subordinate Creditors in respect thereof will be received in trust for and forthwith paid over to the Lender, except that:
 - (a) the Borrower shall be able to make and CTCC shall be able to receive, payment or reimbursement to CTCC of:

- (i) compensation for its services under the Subordinate Indenture and all reasonable expenses and disbursements incurred or made by CTCC in the administration or execution of its duties under the Subordinate Indenture (including the reasonable and documented compensation and disbursements of its counsel and all other advisers and assistants not regularly in its employ); and
 - (ii) any indemnity payments for any and all claims, demands, assessments, interest, penalties, actions, suits, proceedings, liabilities, losses (excluding loss of profits), damages (excluding consequential damages), costs and expenses, including, without limiting the foregoing, expert, consultant and counsel fees and disbursements on a solicitor and client basis, arising from or in connection with any actions or omissions that CTCC takes pursuant to the Subordinate Indenture, provided any such action or omission is without gross negligence, bad faith, wilful misconduct or fraud or is taken on advice and instructions given to CTCC by the Borrower, or the representatives of the Borrower, including the legal counsel of the Borrower, or counsel consulted by CTCC.
- (b) the Borrower shall be able to make and the Debentureholders shall be able to receive non-cash payments of interest on indebtedness owing by the Borrower to the Debentureholders under the Subordinate Indenture and the Debentures (as defined in the Subordinate Indenture), if any, by the issuance of additional Debentures to satisfy the interest obligations.

For purposes of greater certainty, if the Subordinate Creditors receive a payment in contravention of this Subordination, Postponement and Standstill Agreement, the Subordinate Creditors shall have received such payment in trust for and shall forthwith pay over such monies to the Lender.

2. The Subordinate Creditors agree that the Subordinate Security shall be fully and unconditionally subordinated to the Senior Security in favour of the Lender, notwithstanding any priority provided by any principle of law, equity or statute or the relative order of execution, delivery, creation, grant, registration, advance, attachment, possession, perfection or non-perfection, default, demand, notice, crystallization, enforceability or enforcement of the Senior Security or the Subordinate Security, or any other matter or thing whatsoever. For purposes of greater certainty, any insurance proceeds received by any of the Obligors or by the Subordinate Creditors or the Lender in respect of the collateral charged by the Subordinate Security or the Senior Security shall be dealt with according to the preceding provisions hereof as though such proceeds were paid or payable as proceeds of realization of the collateral for which they compensate.
3. The Subordinate Creditors shall not take any steps whatsoever whereby the priority or rights of the Lender as established hereunder shall or might be delayed, defeated, impaired or diminished, and the Subordinate Creditors shall not and shall not cause any other person to challenge, object to, compete with or impede in any manner any act taken or proceeding commenced by the Lender in connection with the enforcement by the Lender of any of the Senior Security or realization of any Obligor's personal property, assets, undertaking and collateral.
4. The Subordinate Creditors shall not, without the Lender's prior written consent, which it may exercise in its sole and unfettered discretion, take any steps whatsoever to enforce any Subordinated Obligations or to exercise its remedies whether permitted by law or under the Subordinate Security (including, asserting any rights of set-off or claims against any of the property assets or undertakings of any Obligor, making any demand upon any Obligor, accelerating any obligations of any Obligor, commencing any bankruptcy proceedings, foreclosure, sale or power of sale against any Obligor or all or any part of the property, assets or undertakings of any Obligor or taking possession of, giving in payment, appointing or making application to a court for an order appointing an agent or a receiver of receiver-manager over all or any part of the property, assets or undertakings of any Obligor or by any other means of enforcement), unless and until the obligations of the Obligors to the Lender have been indefeasibly paid and performed in full to the absolute and sole satisfaction of Lender. Notwithstanding the foregoing, the Subordinate Creditors shall be permitted to:

- (a) file a proof of claim or attend and vote at a meeting of creditors in connection with any action, suit or proceeding whether under the *Bankruptcy and Insolvency Act* (Canada) or otherwise;
 - (b) take action for non-payment of the indebtedness owing to the Subordinate Creditors for the purposes of obtaining a monetary judgment in respect thereof, provided that no measure is taken to enforce any judgment granted in such action;
 - (c) take action that is required to preserve the validity, efficacy or priority of the Subordinate Security;
 - (d) give notice of default, demand for payment or acceleration of the indebtedness owing; and/or
 - (e) issue one or more statutory notices (including, without limitation, a notice pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada)).
5. The Subordinate Creditors shall not amend, supplement, restate, replace or otherwise modify the Subordinate Indenture, the Debentures, the Subordinate Security or any of the terms thereof in any manner adverse to the Lender's interest (including, but not limited to, modifying any such agreements so as to result in any earlier maturity or payment dates from those existing on the date hereof, or removing the option of payment in kind interest) without the written consent of the Lender, acting reasonably, and agree that any attempted modification or amendment without such written consent shall be null and void.
6. The Subordinate Creditors shall do all things and execute all documents which may be reasonably requested by the Lender to give effect to this Subordination, Postponement and Standstill Agreement. For greater certainty, nothing in this Subordination, Postponement and Standstill Agreement shall compromise or amend the administrative rights and obligations of CTCC contained in Section 10.6(1)(a) and Article 15 of the Subordinate Indenture.
7. Any notice required or permitted to be given pursuant to this Subordination, Postponement and Standstill Agreement shall be in writing and shall be addressed and delivered to the parties hereto as follows:
- (a) for the Subordinated Creditors:

Computershare Trust Company of Canada
1500, Robert-Bourassa Boulevard, suite 700
Montreal, Quebec H3A 3S8.

Attention: General Manager, Corporate Trust Services
Email: NoticesCTmontreal@computershare.com
 - (b) for the Lender:

c/o Next Edge Capital
1 Toronto Street, Suite 200
Toronto, Ontario
M5C 2V6

Attention: Tammy Kemp
Email: tammy.kemp@garringtonco.com
8. This Subordination, Postponement and Standstill Agreement shall enure to the benefit of and be binding upon the Subordinate Creditors, the Lender and their respective successors and assigns. This Subordination, Postponement and Standstill Agreement may not be assigned by the Subordinate Creditors without the prior written consent of the Lender (which it may exercise in its sole and unfettered discretion).


9. The undersigned hereby authorizes Chaitons LLP to register the necessary financing statement(s) to record the subordination created herein.
10. It is specifically acknowledged and agreed that this Subordination, Postponement and Standstill Agreement may be executed in counterparts, and acceptance of this Subordination, Postponement and Standstill Agreement may be provided by facsimile transmission or email transmission in PDF format and, on such execution and transmission, this Subordination, Postponement and Standstill Agreement shall be binding on the parties with the same force and effect as if originally executed.
11. This Subordination, Postponement and Standstill Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Lender to enforce this Subordination, Postponement and Standstill Agreement in any other proper jurisdiction, the Subordinate Creditors irrevocably submit and attorns to the non-exclusive jurisdiction of the courts of such Province. To the extent permitted by applicable law, the Subordinate Creditors irrevocably waive any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Subordination, Postponement and Standstill Agreement in the courts of such Province.

[signature page follows]

DATED as of the date first written above.

**COMPUTERSHARE TRUST COMPANY OF
CANADA, on behalf of the Subordinate
Creditors**

Per: 
Name: Jonathan Champoux Cadoche
Title: Corporate Trust Officer

Per: 
Name: Nathalie Gagnon
Title: Manager, Corporate Trust Services

I/We have authority to bind the corporation and the
Debentureholders.

FOR VALUABLE CONSIDERATION, THE UNDERSIGNED HEREBY ACKNOWLEDGE receipt of a copy of the foregoing Subordination, Postponement and Standstill Agreement, accept all of the terms and conditions contained therein and further agree with the Lender and the Subordinate Creditors to give effect to all of the provisions thereof. The undersigned further acknowledge that nothing contained in this Subordination, Postponement and Standstill Agreement shall confer any rights or benefits on the Obligors.

DATED as of the date first written above.

ALEAFIA HEALTH INC.

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Chief Financial Officer

DocuSigned by:
Tricia Symmes
Per: _____
Name: Tricia Symmes
Title: Chief Executive Officer

We have authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

DocuSigned by:
Tricia Symmes
Per: _____
Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

ALEAFIA FARMS INC.

DocuSigned by:
Tricia Symmes
Per: _____
Name: Tricia Symmes
Title: President

DocuSigned by:
Matthew Sale
Per: _____
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

EMBLEM CORP:

DocuSigned by:
Per: Tricia Symmes
01B88568E6C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

CANABO MEDICAL CORPORATION

DocuSigned by:
Per: Tricia Symmes
01B88568E6C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

ALEAFIA INC

DocuSigned by:
Per: Tricia Symmes
01B88568E6C42B...
Name: Tricia Symmes
Title: President

DocuSigned by:
Per: Matthew Sale
E4E5FDC1EEE44F1...
Name: Matthew Sale
Title: Authorized Signatory

We have authority to bind the corporation.

This is Exhibit "SS" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is fluid and cursive, with the first name "Samantha" written in a larger, more prominent script than the last name "Khan".

Commissioner for Taking Affidavits



THE CORPORATION OF THE TOWN OF GRIMSBY

160 LIVINGSTON AVE., GRIMSBY, ONTARIO L3M 0J6
905-345-8634 FAX 905-916-6010

STATEMENT OF PROPERTY TAX OWING THE MUNICIPAL ACT, 2001, S.O. 2001, C.25, S.S. 352(1) AS AMENDED

Certificate No.: 12068

Date: July 17, 2023

File Reference No.: 308357

Lawyer: AIRD & BERLIS LLP
1880, 181 BAY STREET

TORONTO ON
M5J2T9

Roll: 2615 020 01200100,0000
Property: NORTH GRIMSBY CON E GORE
PT LOT A CON 1 PT LOT 1 RP
30R13028 PARTS 2 4 6 8 TO 10 RP
30R13499 PART 18

Location: 378 SOUTH SERVICE RD E L3M5A5

Owner: ALEAFIA FARMS INC

Requested by: TRAVIS BENNETT

TAX ARREARS

YEAR	TAXES LEVIED	TAXES OUTSTANDING	INTEREST OUTSTANDING	TOTAL
2020 & Prior:		0.00	0.00	0.00
2021:	18632.15	0.00	0.00	0.00
2022:	19089.45	13448.31	1531.16	14679.47
Total		13448.31	1531.16	14979.47

CURRENT YEAR BREAKDOWN

INSTALLMENT	TAXES LEVIED	TAXES OUTSTANDING	TAXES PAST DUE
Mar 03, 2023 I	4772.73	4772.73	4772.73
May 05, 2023 I	4772.00	4772.00	4772.00
Aug 04, 2023 F	5392.89	5392.89	
Oct 06, 2023 F	5392.00	5392.00	
Penalty		528.73	528.73
Credit			0.00
Misc. Charges		2401.15	2401.15
Total	20329.42	23259.60	12474.51

TOTAL PAST DUE (July 31) 27454.08

NO AREA CHARGES AND OTHER ADJUSTMENT CHARGES

NO LOCAL IMPROVEMENTS

I hereby certify that the above statements respectively show all arrears of taxes returned to this office and due and owing against the above lands, and that no part of the said lands has been sold for taxes under the Municipal Tax Sales Act.

Pending adjustments required by legislation, and/or subsequent additional levies under the Assessment Act and/or Municipal Act are not included.

WATER LIEN TO BE DETERMINED BY FINAL READING.

FOR
TOWN OF GRIMSBY

Notes: PLEASE FORWARD A COPY OF THE REGISTERED TRANSFER FOR A TIMELY CHANGE OF OWNERSHIP. PENALTIES OF 1.25% ARE ADDED ON THE FIRST DAY

STATEMENT OF PROPERTY TAX OWING
THE MUNICIPAL ACT, 2001, S.O. 2001, C.25, S.S. 352(1) AS AMENDED

Certificate No.: 12068

Date : July 17, 2023

File Reference No : 308357

OF DEFAULT AND ON THE FIRST DAY OF EACH MONTH FOLLOWING: WATER
ARREARS ADDED ARE INCLUDED IN THE ABOVE AMOUNT.

26 Park Ave
 P.O. Box 249
 Burford, ON N0E 1A0
 Tel (519) 44BRANT
 Fax (519) 449-1380
 Email tax@brant.ca



Roll Number: 018-001-04006-0000
 Certificate #: 2203
 Your File #: 308357

Requested By

AIRD & BERLIS LLP
 1800-181 BAY ST
 TORONTO ON M5J 2T9

Assessed Owners

EMBLEM CANNABIS CORPORTION

85 BASALTIC RD
 CONCORD ON L4K 1G4
 CA

Municipal Address

20 WOODSLEE AVE

Property Description

SOUTH DUMFRIES CON 2 PT LOT
 30 RP 2R5663 PARTS 1 TO 3

Statement of Current Taxes for 2023

Taxes Levied to Date	Special Charges	Penalty	Current Owing
\$157,671.76	\$0.00	\$0.00	\$157,671.76

Statement of Tax Arrears

Year	Taxes	Interest	Outstanding
2022	\$217,395.35		\$217,395.35
2021			\$0.00
2020 & prior			\$0.00

Total Taxes Owing and Billed at Date of Certification: **\$375,067.11**

Penalty at a rate of 1.25% of unpaid taxes will be added on the 1st day of the month following default and on the 1st day of each calendar month thereafter.

Current Year Instalment Breakdown

Interim	Final
2/28/2023 \$37,861.62	7/31/2023 \$40,975.14
4/28/2023 \$37,860.00	9/29/2023 \$40,975.00

Previous Year Taxes Levied

2022 \$151,443.24

Water/Sewer Balance

\$0.00

Special Charges Breakdown

Code	Description	Amount	Expires
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Comments:

I hereby certify that, subject to the following qualifications, this statement shows:

1. All arrears of taxes returned to this office and due against the property described herein.
2. The current amount of taxes levied to date on the real property described herein and the amount of current year's and prior year's taxes owing as at the date of certification.
3. That no part of the lands described herein have been sold for taxes and no certificate of tax arrears has been registered against said lands unless specifically identified.

Certified as at: 7/17/2023

Treasurer/Tax Collector

Qualifications

1. The total taxes shown may include additions to the Tax Collector's roll as authorized by provincial legislation.
2. The information on this certificate is based on cheques tendered but not necessarily honoured by the institution upon which they were drawn, and may not reflect payment made in the last 2 days.
4. This certificate is subject to the adjustment of taxes pursuant to the provisions of the Municipal Act and/or the Assessment Act.

26 Park Ave
 P.O. Box 249
 Burford, ON N0E 1A0
 Tel (519) 44BRANT
 Fax (519) 449-1380
 Email tax@brant.ca



Roll Number: 018-001-04030-0000
 Certificate #: 2204
 Your File #: 308357

Requested By

AIRD & BERLIS LLP
 1800-181 BAY ST
 TORONTO ON M5J 2T9

Assessed Owners

EMBLEM CANNABIS CORPORTION

85 BASALTIC RD
 CONCORD ON L4K 1G4
 CA

Municipal Address

2 WOODSLEE AVE

Property Description

SOUTH DUMFRIES CON 2 PT LOT
 30 RP 2R7264 PARTS 1 AND 2

Statement of Current Taxes for 2023

Taxes Levied to Date	Special Charges	Penalty	Current Owing
\$12,139.67	\$0.00	\$295.76	\$12,435.43

Statement of Tax Arrears

Year	Taxes	Interest	Outstanding
2022	\$80.03	\$8.27	\$88.30
2021			\$0.00
2020 & prior			\$0.00

Total Taxes Owing and Billed at Date of Certification: **\$12,523.73**

Penalty at a rate of 1.25% of unpaid taxes will be added on the 1st day of the month following default and on the 1st day of each calendar month thereafter.

Current Year Instalment Breakdown

Interim	Final
2/28/2023 \$2,925.51	7/31/2023 \$3,145.16
4/28/2023 \$2,925.00	9/29/2023 \$3,144.00

Previous Year Taxes Levied

2022 \$11,701.01

Water/Sewer Balance

\$0.00

Special Charges Breakdown

Code	Description	Amount	Expires
------	-------------	--------	---------

Comments:

I hereby certify that, subject to the following qualifications, this statement shows:

1. All arrears of taxes returned to this office and due against the property described herein.
2. The current amount of taxes levied to date on the real property described herein and the amount of current year's and prior year's taxes owing as at the date of certification.
3. That no part of the lands described herein have been sold for taxes and no certificate of tax arrears has been registered against said lands unless specifically identified.

Certified as at: 7/18/2023

Treasurer/Tax Collector

Qualifications

1. The total taxes shown may include additions to the Tax Collector's roll as authorized by provincial legislation.
2. The information on this certificate is based on cheques tendered but not necessarily honoured by the institution upon which they were drawn, and may not reflect payment made in the last 2 days.
4. This certificate is subject to the adjustment of taxes pursuant to the provisions of the Municipal Act and/or the Assessment Act.

Township of Scugog
599 - 181 Perry St.
Port Perry Ontario L9L 1A5

TAX CERTIFICATE

Roll Number: 040-010-05500-0000
Certificate #: 2604
Your File #: 308357

Requested By
AIRD BERLIS
181 BAY ST
SUITE 1800
BROOKFIELD PLACE
TORONTO ON M5J 2T9

Assessed Owners
ALEAFIA FARMS INC

85 BASALTIC RD
VAUGHAN ON L4K 1G4

Municipal Address
2540 DURHAM REGIONAL RD 19

Legal Description
CON 2 PT LOT 2 RP 10R3687 PART1 RP 40R25294 PART1
PART 1
REG
148.85 AC FR D

Statement of Current Taxes for 2023			
Taxes Levied to Date	Special Charges	Penalty	Current Owing
\$ 22,322.10	\$ 0.00	\$ 603.24	\$ 22,533.75

Statement of Tax Arrears			
Year	Taxes	Interest	Outstanding
2022	\$ 24,949.41	\$ 64.07	\$ 25,013.48
2021			\$ 0.00
2020 & prior			\$ 0.00
Total Taxes Owing and Billed at Date of Certification:			<u><u>\$ 47,547.23</u></u>

Additional Information

Previous Year Taxes Levied
2022 \$ 13,126.92

Water/Sewer Balance
\$ 0.00

Penalty at a rate of 1.25% of unpaid taxes will be added on the 1st day of the month following default and on the 1st day of each calendar month thereafter.

Special Charges Breakdown			
Code	Description	Amount	Expires

Comments: Due Now: \$41,677.23
Due September 21st: \$5870.00

I hereby certify that, subject to the following qualifications, this statement shows:
1. All arrears of taxes returned to this office and due against the property described herein.
2. The current amount of taxes levied to date on the real property described herein and the amount of current year's and prior year's taxes owing as at the date of certification.
3. That no part of the lands described herein have been sold for taxes and no certificate of tax arrears has been registered against said lands unless specifically identified.

Certified as at: 2023-07-19 *L Blomquist*
Manager of Tax & Revenue / Treasurer

Qualifications

- 1. The total taxes shown may include additions to the Tax Collector's roll as authorized by provincial legislation.
- 2. The information on this certificate is based on cheques tendered but not necessarily honoured by the institution upon which they were drawn, and may not reflect payment made in the last 2 days.

STATEMENT OF ACCOUNT

Township of Scugog
 599 - 181 Perry St.
 Port Perry, Ontario
 L9L 1A5

Date Issued: July 20, 2023

Issued To: ALEAFIA FARMS INC
 85 BASALTIC RD
 VAUGHAN, ON
 L4K 1G4

Roll #: **040- 010- 05500- 0000**

Owners:
 ALEAFIA FARMS INC

Property Address: 2540 DURHAM REGIONAL RD 19
 Legal Description: CON 2 PT LOT 2 RP 10R3687 PART1 RP
 40R25294 PART1
 PART 1
 REG
 148.85 AC FR D

District(s):
 Frontage: Lot 148.85 Acres
 Zone: RU

LOCAL IMPROVEMENTS

PROPERTY ASSESSMENT

Taxation Year: 2023

<u>Assessment Code</u>	<u>Description</u>	<u>Amount</u>
RTEP	Res/Farm Tx:Full - EPubSup	\$1,896,000.00
Total Assessment:		\$1,896,000.00

TRANSACTION SUMMARY

<u>Year</u>	<u>Tax Levy</u>	<u>Supplemental Taxation</u>	<u>Penalty</u>	<u>Adjustment</u>	<u>Payment</u>	<u>Installments Not Yet Due</u>	<u>Balance</u>
2023	\$22,322.10	\$0.00	\$645.24	\$0.00	(\$433.59)	\$5,870.00	\$22,533.75
2022	\$13,126.92	\$0.00	\$981.76	\$19,823.58	(\$8,918.78)	\$0.00	\$25,013.48
2021	\$12,704.75	\$0.00	\$309.88	\$0.00	(\$13,014.63)	\$0.00	\$0.00
2020	\$12,386.82	\$0.00	\$0.00	(\$850.44)	(\$11,536.38)	\$0.00	\$0.00
2019 and prior	\$32,821.78	\$0.00	\$129.65	(\$985.85)	(\$31,965.58)	\$0.00	\$0.00
							\$47,547.23

TRANSACTIONS

July 20, 2023 - July 20, 2023

<u>Due Date</u>	<u>Description</u>	<u>Amount</u>	<u>Balance</u>
Jul 20/2023	Balance Forward		\$41,677.23
Total Outstanding July 20, 2023			\$41,677.23

This is Exhibit "TT" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is fluid and cursive, with the first name "Samantha" written in a larger, more prominent script than the last name "Khan".

Commissioner for Taking Affidavits

PROMISSORY NOTE

TORONTO, ONTARIO

DECEMBER 16, 2022

\$1,000,000.00

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this promissory note (this "**Note**"), ALEAFIA HEALTH INC. (the "**Borrower**"), hereby unconditionally promises to pay on the Maturity Date (as hereinafter defined) to the order of Royal Group Resources Limited (the "**Lender**"), in immediately available funds, at 100 Zenway Boulevard, Woodbridge, Ontario L4H 2Y7 or such other location as the Lender shall designate in writing, ONE MILLION DOLLARS in lawful currency of Canada (C\$1,000,000.00) and to pay interest on the unpaid principal amount hereof at the rates and on the dates specified below. Repayment shall be made in the lawful currency of Canada. "**Maturity Date**" means the earlier of (i) December 31, 2024 and (ii) a Change of Control. "**Change of Control**" means there is consummated an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) the Borrower and, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Borrower immediately prior thereto do not beneficially own, directly or indirectly, either (x) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such amalgamation, merger, consolidation or similar transaction; or (y) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Borrower immediately prior to such transaction.

Should the \$1,000,000 remain unpaid on the date that the Lender fully refinances the Borrower's debts to the Garrington Group of Companies (the "**Refinancing**"), the remaining balance of this Note shall be secured by the general security granted to the Lender in respect of the Refinancing.

The Borrower agrees to pay interest to the Lender on the unpaid principal amount of this Note from the date hereof at a rate per annum equal to 12.75% until the full and final repayment of the principal amount of this Note. Interest shall be calculated monthly and payable every other month or bi-monthly. Amounts of principal and interest that are past due under this Note shall bear interest at a rate of 12.75% per annum, payable on demand, from the date of such non-payment until paid in full.

The Borrower may prepay the principal amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving one (1) business day's written notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued interest to the date of prepayment.

Upon the commencement by or against the Borrower of any bankruptcy, reorganization,

arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar proceeding relating to the Borrower or its debts in any jurisdiction, the unpaid principal amount of this Note and all interest accrued thereon shall become immediately due and payable without presentment, demand, protest or notice of any kind.

The books and records of the Lender shall constitute prima facie evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

Neither the Lender nor the Borrower may assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other party, which consent may be withheld in the sole discretion of such party. Any such assignment of this Note must be made in accordance with applicable securities laws.

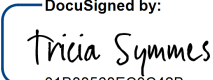
The Borrower agrees that limitation periods established by the *Limitations Act*, 2002 (Ontario), other than the ultimate 15-year limitation period, do not apply to this promissory note.

This Note shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

ALEAFIA HEALTH INC.,

as Borrower

By: 
Name: Tricia Symmes
01B88568EC0C42B

Title: Authorized Signing Officer

PROMISSORY NOTE

TORONTO, ONTARIO

JANUARY 24, 2023

\$1,500,000.00

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this promissory note (this "**Note**"), ALEAFIA HEALTH INC. (the "**Borrower**"), hereby unconditionally promises to pay on the Maturity Date (as hereinafter defined) to the order of Royal Group Resources Limited (the "**Lender**"), in immediately available funds, at 100 Zenway Boulevard, Woodbridge, Ontario L4H 2Y7 or such other location as the Lender shall designate in writing, ONE MILLION DOLLARS in lawful currency of Canada (C\$1,500,000.00) and to pay interest on the unpaid principal amount hereof at the rates and on the dates specified below. Repayment shall be made in the lawful currency of Canada. "**Maturity Date**" means the earlier of (i) December 31, 2024 and (ii) a Change of Control. "**Change of Control**" means there is consummated an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) the Borrower and, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Borrower immediately prior thereto do not beneficially own, directly or indirectly, either (x) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such amalgamation, merger, consolidation or similar transaction; or (y) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Borrower immediately prior to such transaction.

Should the \$1,500,000 remain unpaid on the date that the Lender fully refinances the Borrower's debts to the Garrington Group of Companies (the "**Refinancing**"), the remaining balance of this Note shall be secured by the general security granted to the Lender in respect of the Refinancing.

The Borrower agrees to pay interest to the Lender on the unpaid principal amount of this Note from the date hereof at a rate per annum equal to 12.75% until the full and final repayment of the principal amount of this Note. Interest shall be calculated monthly and payable every other month or bi-monthly. Amounts of principal and interest that are past due under this Note shall bear interest at a rate of 12.75% per annum, payable on demand, from the date of such non-payment until paid in full.

The Borrower may prepay the principal amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving one (1) business day's written notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued interest to the date of prepayment.

Upon the commencement by or against the Borrower of any bankruptcy, reorganization,

arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar proceeding relating to the Borrower or its debts in any jurisdiction, the unpaid principal amount of this Note and all interest accrued thereon shall become immediately due and payable without presentment, demand, protest or notice of any kind.

The books and records of the Lender shall constitute prima facie evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

Neither the Lender nor the Borrower may assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other party, which consent may be withheld in the sole discretion of such party. Any such assignment of this Note must be made in accordance with applicable securities laws.

The Borrower agrees that limitation periods established by the *Limitations Act, 2002* (Ontario), other than the ultimate 15-year limitation period, do not apply to this promissory note.

This Note shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

ALEAFIA HEALTH INC.,

as Borrower

DocuSigned by:

01B88568EC0C42B...

Name: Tricia Symmes
Title: CEO

DocuSigned by:

7083A185A879460...

Name: Matt Sale
Title: CFO

PROMISSORY NOTE

TORONTO, ONTARIO

FEBRUARY 28, 2023

\$2,000,000.00

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this promissory note (this "**Note**"), ALEAFIA HEALTH INC. (the "**Borrower**"), hereby unconditionally promises to pay on the Maturity Date (as hereinafter defined) to the order of Royal Group Resources Limited (the "**Lender**"), in immediately available funds, at 100 Zenway Boulevard, Woodbridge, Ontario L4H 2Y7 or such other location as the Lender shall designate in writing, TWO MILLION DOLLARS in lawful currency of Canada (C\$2,000,000.00) and to pay interest on the unpaid principal amount hereof at the rates and on the dates specified below. Repayment shall be made in the lawful currency of Canada. "**Maturity Date**" means the earlier of (i) December 31, 2024 and (ii) a Change of Control. "**Change of Control**" means there is consummated an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) the Borrower and, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Borrower immediately prior thereto do not beneficially own, directly or indirectly, either (x) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such amalgamation, merger, consolidation or similar transaction; or (y) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Borrower immediately prior to such transaction.

Should the \$2,000,000 remain unpaid on the date that the Lender fully refinances the Borrower's debts to the Garrington Group of Companies (the "**Refinancing**"), the remaining balance of this Note shall be secured by the general security granted to the Lender in respect of the Refinancing.

The Borrower agrees to pay interest to the Lender on the unpaid principal amount of this Note from the date hereof at a rate per annum equal to 12.75% until the full and final repayment of the principal amount of this Note. Interest shall be calculated monthly and payable every other month or bi-monthly. Amounts of principal and interest that are past due under this Note shall bear interest at a rate of 12.75% per annum, payable on demand, from the date of such non-payment until paid in full.

The Borrower may prepay the principal amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving one (1) business day's written notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued interest to the date of prepayment.

Upon the commencement by or against the Borrower of any bankruptcy, reorganization,

arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar proceeding relating to the Borrower or its debts in any jurisdiction, the unpaid principal amount of this Note and all interest accrued thereon shall become immediately due and payable without presentment, demand, protest or notice of any kind.

The books and records of the Lender shall constitute prima facie evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

Neither the Lender nor the Borrower may assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other party, which consent may be withheld in the sole discretion of such party. Any such assignment of this Note must be made in accordance with applicable securities laws.

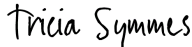
The Borrower agrees that limitation periods established by the *Limitations Act, 2002* (Ontario), other than the ultimate 15-year limitation period, do not apply to this promissory note.

This Note shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.


IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

ALEAFIA HEALTH INC.,

as Borrower

DocuSigned by:

01B88568EC6C42B...

Name: Tricia Symmes
Title: CEO

DocuSigned by:

7083A185A879460...

Name: Matt Sale
Title: CFO

This is Exhibit “UU” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits



Profile Report

ROYAL GROUP RESOURCES LTD. as of July 13, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	ROYAL GROUP RESOURCES LTD.
Ontario Corporation Number (OCN)	913244
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation/Amalgamation	September 28, 1990
Registered or Head Office Address	100 Zenway Boulevard, Woodbridge, Ontario, Canada, L4H 2Y7

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors
Maximum Number of Directors

[Not Provided]
[Not Provided]

Name
Address for Service
Resident Canadian
Date Began

VITTORIO DE ZEN
300 Greenbrook Drive, Woodbridge, Ontario, Canada, L4L
1A6
Yes
October 01, 1990

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Active Officer(s)

Name VITTORIO DE ZEN
Position President
Address for Service 300 Greenbrook Drive, Woodbridge, Ontario, Canada, L4L 1A6
Date Began October 01, 1990

Name VITTORIO DE ZEN
Position Secretary
Address for Service 300 Greenbrook Drive, Woodbridge, Ontario, Canada, L4L 1A6
Date Began October 01, 1990

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Corporate Name History

Name

Effective Date

ROYAL GROUP RESOURCES LTD.

Refer to Corporate Records

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

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Additional historical information may exist in paper or microfiche format.

Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

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Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

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V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: VITTORIO DE ZEN	April 05, 2023
Annual Return - 2021 PAF: Vittorio DE ZEN	September 09, 2022
Annual Return - 2020 PAF: VIC DE ZEN - DIRECTOR	January 26, 2021
Annual Return - 2019 PAF: VIC DE ZEN - DIRECTOR	February 09, 2020
Annual Return - 2018 PAF: VIC DE ZEN - DIRECTOR	January 27, 2019
Annual Return - 2017 PAF: VIC DE ZEN - DIRECTOR	February 11, 2018
Annual Return - 2016 PAF: VIC DE ZEN - DIRECTOR	January 22, 2017
Annual Return - 2015 PAF: VIC DE ZEN - DIRECTOR	March 05, 2016
Annual Return - 2014 PAF: VIC DE ZEN - DIRECTOR	January 17, 2015
Annual Return - 2013 PAF: VIC DE ZEN - DIRECTOR	November 16, 2013
Annual Return - 2012 PAF: VIC DE ZEN - DIRECTOR	February 23, 2013
Annual Return - 2011 PAF: VIC DE ZEN - DIRECTOR	January 14, 2012
Annual Return - 2010 PAF: VIC DE ZEN - DIRECTOR	February 05, 2011

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Director/Registrar

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Annual Return - 2009 PAF: VIC DE ZEN - DIRECTOR	January 25, 2010
Annual Return - 2008 PAF: VIC DE ZEN - DIRECTOR	March 28, 2009
Annual Return - 2007 PAF: VIC DE ZEN - DIRECTOR	May 17, 2008
Annual Return - 2006 PAF: VIC DE ZEN - DIRECTOR	March 24, 2007
Annual Return - 2005 PAF: VIC DE ZEN - DIRECTOR	February 18, 2006
Annual Return - 2004 PAF: VIC DE ZEN - DIRECTOR	February 26, 2005
Annual Return - 2003 PAF: VIC DE ZEN - DIRECTOR	August 21, 2004
Annual Return - 2003 PAF: VIC DE ZEN - DIRECTOR	August 21, 2004
Other - SPECIAL NOTICE 3 PAF: VITTORIO DEZEN - DIRECTOR	February 02, 1995
Other - SN2 DEFAULT (ORIG NOTICE)	January 28, 1995
Other - SPECIAL NOTICE PAF: DOUGLAS N. DUNSMUIR - Others	October 09, 1992
CPCV - Corporate Conversion ADD	June 27, 1992

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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This is Exhibit “VV” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

Aleafia Health
Intercompany balances
30-Jun-23

Account No	Account Name	CMC	ECC	EC	ERL	AF	GW	AH	AI	Grand Total
13200	Intercompany Receivables									
13205	Inter company between CM and AI	-2,677,309.10							2,677,309.10	0.00
13210	Inter company between CM and AF	10,199,586.39				-10,199,586.39		730,000.00		730,000.00
13215	Inter company between AI and AF					-14,933,288.24			14,933,288.24	0.00
13220	Inter company between AH and CM	-40,047,328.76						39,947,328.76		-100,000.00
13225	Inter company between AH and AF	15,000.00				-54,580,827.51		55,399,827.51	67,000.00	901,000.00
13230	Inter company between AH and AI							-11,380,289.84	11,581,289.84	201,000.00
13235	Inter company between AH and FH									0.00
13240	Inter company between Aleafia and Emblem	-15,316,283.92	-367,432,840.67	-9,691,795.59		-13,191,605.67	477,051.46	406,567,516.98	197,957.41	1,610,000.00
13245	Internal product transfers between AF and ECC	149,452.40	-35,957,549.50	816,157.75		36,075,258.50		3,911,075.00		4,994,394.15
13250	Inter company between EC and ECC		70,041,226.11	-70,041,226.11						0.00
13255	Inter company between ECC and GW		6,769,635.34				-6,768,116.82			1,518.52
13260	Inter company between EC and ERL		7,003,799.61	-35,949.45	35,949.45					7,003,799.61
13265	Inter company between ECC and ERL		134,125.00		-134,125.00					0.00
13270	IC Receivable from Aleafia Health Inc	284,969.04	25,075,881.11			52,000.00			450,000.00	25,862,850.15
13271	IC Receivable from Aleafia Inc.	33,391.95				6,000.00		1,721,200.00		1,760,591.95
13272	IC Receivable from Aleafia Farms Inc.	251,100.00	26,180.03					4,201,220.00	484,100.00	4,962,600.03
13273	IC Receivable from Canabo Medical Corporation		65,800.00			10,800.00		4,983,000.00	69,553.22	5,129,153.22
13274	IC Receivable from Emblem Cannabis Corporation	291,940.71		3,707,455.59		1,652,696.21	179,000.00	23,763,392.23		29,594,484.74
13275	IC Receivable from Emblem Corporation		2,995,160.86							2,995,160.86
13276	IC Receivable from Emblem Realty Limited									0.00
13277	IC Receivable from Growwise Health Limited	64,907.22	25,635.00							90,542.22
13299	Intercompany Receivables Total	-46,750,574.07	-291,252,947.11	-75,245,357.81	-98,175.55	-55,108,553.10	-6,112,065.36	529,844,270.64	30,460,497.81	85,737,095.45
21200	Intercompany Payables									
21210	IC Payable to Aleafia Health Inc.	-5,713,000.00	-21,107,916.57			-5,020,220.00			-1,822,200.00	-33,663,336.57
21211	IC Payable to Aleafia Inc.	-69,553.22				-551,100.00	-7,573.54	-450,000.00		-1,078,226.76
21212	IC Payable to Aleafia Farms Inc.	-10,800.00	-1,770,405.21					-52,000.00	-6,000.00	-1,839,205.21
21213	IC Payable to Canabo Medical Corporation		-441,393.11			-266,100.00	-57,333.68	-284,969.04	-33,391.95	-1,083,187.78
21214	IC Payable to Emblem Cannabis Corporation	-65,800.00	0.00	-4,605,160.86		-26,495.30	-27,153.52	-38,645,916.11		-43,370,525.79
21215	IC Payable to Emblem Corporation		-4,523,613.34							-4,523,613.34
21216	IC Payable to Emblem Realty Limited									0.00
21217	IC Payable to Growwise Health Limited		-179,000.00							-179,000.00
21299	Intercompany Payables Total	-5,859,153.22	-28,022,328.23	-4,605,160.86	0.00	-5,863,915.30	-92,060.74	-39,432,885.15	-1,861,591.95	-85,737,095.45

0.00

This is Exhibit “WW” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

Emblem Realty Ltd.		
Trial Balance		
Dec 31, 2021		
	<u>Debit</u>	<u>Credit</u>
12038 - Inter company between EC and ERL	\$38,849.49	
12040 - Inter company between ECC and ERL		\$194,125.00
40270 - Retained Earnings	\$98,175.65	
Total	<u>\$134,125.00</u>	<u>\$134,125.00</u>

This is Exhibit "XX" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits



FAX
AIRD & BERLIS

DATE: June-23-23
receipt

Send by (specify time): Upon

Lawyer #: 1795

File #: 099999

Requestor: Angelo Gentile

Ext. #: 4145

No. of Pages: 5

No. of Faxes to be sent: 1
(If more than one, attach all cover sheets)

- Return immediately after sending
- Copy Fax (excluding cover sheet)
- Copy Fax (including cover sheet)
- Scan Fax

Other Special Instructions

AIRD BERLIS

Brookfield Place
181 Bay Street
Suite 1800
Toronto, Canada
M5J 2T9

TELEPHONE 416.863.1500
FACSIMILE 416.863.1515
WEBSITE airdberlis.com

From: Angelo Gentile

Contact Ext: 4145

File No.: 099999

FAX COVER SHEET

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME:	FIRM:	PHONE NO.:	FAX NO.:
Mr. Frédéric Dorion Collections Division	Canada Revenue Agency		1.450.926.7600

Date: June 23, 2023

No. of Pages: 5
(Inc. Cover Sheet)

MESSAGE

Message

The information contained in this transmission is confidential and may be privileged. It is intended only for the use of the individual or entity to whom it is addressed. If you have received this transmission in error, please notify us immediately and return the original transmission to us. Thank you for your co-operation.

IF YOU DO NOT RECEIVE ALL OF THE PAGES, PLEASE CALL BACK AS SOON AS POSSIBLE.

Fax Operator: Copy Centre

Ext. No.: 4999



Angelo Gentile
Direct: 4168654145
E-mail: agentile@airdberlis.com

June 23, 2023

BY FACSIMILE: 1.450.926.7600

Mr. Frédéric Dorion
Canada Revenue Agency
Collections Division

Dear Mr. Dorion:

Re: Emblem Cannabis Corporation
Business Number: 85070 8975

Further to our various telephone discussions over the past weeks, you have asked Emblem Cannabis Corporation (“**Emblem**”) to present a formal payment arrangement to address (i) any current under-remittance of excise duty, and (ii) the repayment of arrears for GST/HST, excise duties and CEWS payments (supported by collateral).

As you are aware, Emblem forms part of the Aleafia Health Inc. group of companies (“**Aleafia**”), which recently entered into a binding letter agreement (the “**Letter Agreement**”) on June 6, 2023, with Red White & Bloom Brands Inc. (“**RWB**”). Pursuant to that agreement, RWB has agreed to acquire Aleafia and its subsidiaries in a business combination transaction (the “**Proposed Transaction**”).

Under the terms of the Letter Agreement, each outstanding common share in the capital of Aleafia (each, an “**Aleafia Share**”) will be exchanged for 0.35 of a common share in the capital of RWB (each, an “**RWB Share**”), subject to customary adjustment (the “**Exchange Ratio**”). Upon the completion of the Proposed Transaction, existing RWB shareholders are expected to own approximately 76% of the Combined Company resulting from the Proposed Transaction (the “**Combined Company**”) and Aleafia shareholders are expected to own approximately 24% of the Combined Company.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction, at which time additional information will be provided in a subsequent press release.

As you can appreciate, RWB has been actively reviewing the books and records of Aleafia and its various entities, and it is still very much in the “due diligence” phase. As is evidenced in the June 14, 2023 press release (available at <https://aleafiahealth.com/news-releases/aleafia-health-announces-fourth-quarter-and-annual-financial-results/>), Aleafia and its related companies, including Emblem, continue to face extreme financial hardship. The Proposed Transaction, should it close, would provide an opportunity for Aleafia and the related companies, as part of the newly created Combined Company, to return to consistent profitability and predictable cash flows, which will increase the probability that Emblem can accelerate the repayment of the CRA excise tax liabilities along with the other CRA liabilities in question.

We have had extensive discussions regarding what assets may be offered as collateral, what amounts can be committed to payment of arrears and when Emblem may begin remaining current in its remittances. Given that RWB is still in the due diligence phase and given that the outside closing date for the Proposed Transaction is October 31, 2023, it is difficult, at this time, to have the applicable Aleafia entities commit to a long-term payment plan. Nevertheless, in consultation with RWB and Aleafia, Emblem is prepared to commit to the following arrangement:

- (1) Emblem will file its 2021 T2 corporate income tax return by August 31, 2023, to allow its new accountants sufficient time to review prior filings and accurately prepare the 2021 T2;
- (2) Emblem will remain current on all of its corporate income tax returns, GST/HST returns and excise duty filings going forward;
- (3) Emblem will begin payment of \$225,000 per week in respect of current excise duties, commencing on July 7, 2023, which will total \$11.7 million in annual excise duties (or averaging to \$975,000 per month). The payments are to be applied to current remittances owing in respect of the June 2023 excise duty return which is due to be filed by end of July 2023. Any additional amounts will be applied to arrears of excise duties, starting with the oldest liabilities;
- (4) Emblem will offer a collateral charge to the CRA in respect of the enclosed real property (see attached PIN); and
- (5) Assuming that the Proposed Transaction is closed, Emblem will return with a definitive payment plan for the CRA arrears outstanding as of October 31, 2023, by no later than November 30, 2023.

The above arrangement is the best that the parties can offer at this moment in time, given the fact that RWB is in the process of acquiring Aleafia.

We look forward to your response in respect of this proposal. If you have any questions, feel free to contact me.

Yours truly,

AIRD & BERLIS LLP



Angelo Gentile
Partner

AG:/jc
Enclosure

53476463.1



PROPERTY DESCRIPTION: PT LT 2, CON 2, CARTWRIGHT; BEING PT 1, 40R3687 AND PT 1, 40R25294; TOWNSHIP OF SCUGOG

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
CONSOLIDATION FROM 26764-0098, 26764-0100

PIN CREATION DATE:
2019/09/25

OWNERS' NAMES
ALEAFIA FARMS INC.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2019/09/25 **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHEATS OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 1999/02/15 **						
N32525	1967/03/13	ORDER				C
REMARKS: DESIGNATING AREAS OF SUBDIVISION CONTROL UNDER THE PLANNING ACT ADDED 2001/05/22 BY GAIL MCCARROLL						
10R3687	1990/04/26	PLAN REFERENCE				C
40R25294	2008/01/30	PLAN REFERENCE				C
DR685199	2008/02/04	APL (GENERAL)		METCALF, AUDREY GWENDOLINE		C
REMARKS: AMENDING LEGAL DESCRIPTION						
DR802224	2009/04/30	CHARGE		*** DELETED AGAINST THIS PROPERTY *** FAINT, CATHERINE ANN	ROYAL BANK OF CANADA	
DR1665679	2017/12/11	TRANSFER	\$1,500,000	MACDONALD, FRANK	755064 ONTARIO INC.	C
DR1824736	2019/09/03	TRANSFER	\$1,125,221	FAINT, CATHERINE ANN	ALEAFIA FARMS INC.	C
REMARKS: PLANNING ACT STATEMENTS.						
DR1824738	2019/09/03	APL CH NAME OWNER		755064 ONTARIO INC.	ALEAFIA FARMS INC.	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

LAND
REGISTRY
OFFICE #40

26764-0137 (LT)

PREPARED FOR Jscarpel
ON 2023/06/21 AT 17:00:51

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
DR1824742	2019/09/03	APL CONSOLIDATE		ALEAFIA FARMS INC.		C
DR1838656	2019/10/22	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA		
	REMARKS: DR802224.					
DR2098410	2022/02/08	CHARGE	\$20,000,000	ALEAFIA FARMS INC.	1260356 ONTARIO LIMITED	C
DR2147378	2022/06/27	CHARGE	\$100,000,000	ALEAFIA FARMS INC.	COMPUTERSHARE TRUST COMPANY OF CANADA	C
DR2147379	2022/06/27	NO ASSGN RENT GEN		ALEAFIA FARMS INC.	COMPUTERSHARE TRUST COMPANY OF CANADA	C
	REMARKS: DR2147378					

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

This is Exhibit “YY” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits



April 4, 2023

EMBLEM CANNABIS CORPORATION
85 BASALTIC RD
CONCORD ON L4K1G4

Account Number
850708975

NOTICE OF DETERMINATION/REDETERMINATION OF THE CANADA EMERGENCY WAGE SUBSIDY

Re: Eligible Entity Name **Emblem Cannabis Corporation**
Income Tax Account **85070 8975 RC0002**
Relevant Payroll Account **85070 8975 RP0001**

The Canada Revenue Agency (CRA) has determined/redetermined the Canada Emergency Wage Subsidy (CEWS) amount to which Emblem Cannabis Corporation is entitled for the following qualifying periods:

CEWS Qualifying Periods	CEWS Amounts
March 15, 2020 to April 11, 2020	\$191,145
April 12, 2020 to May 9, 2020	\$190,589
May 10, 2020 to June 6, 2020	\$189,121
July 5, 2020 to August 1, 2020	\$184,409
August 2, 2020 to August 29, 2020	\$186,601
August 30, 2020 to September 26, 2020	\$122,732
September 27, 2020 to October 24, 2020	\$169,480
October 25, 2020 to November 21, 2020	\$181,247
November 22, 2020 to December 19, 2020	\$198,151
December 20, 2020 to January 16, 2021	\$251,589

This notice is issued pursuant to subsection 152(3.4) of the *Income Tax Act* following a review of your claims for the qualifying periods mentioned above.

For further explanations, please refer to the final adjustment letter issued by the CRA dated 03/31/2023, in regard to your claims. If you disagree with this determination/redetermination, you can file a notice of objection within 90 days from the date of this notice.

To file an objection online, log into [My Account for Individuals](#), [My Business Account](#), or [Represent a Client](#) and select "Register my formal dispute" (notice of objection). When you file an objection, you must clearly explain what you are objecting to, and why you disagree with this determination/redetermination. Be sure to include all relevant facts and supporting documentation. You can also use Form T400A, Objection - Income Tax Act, available on our website at canada.ca/cra-forms.

Bob Hamilton
Commissioner of Revenue

For further information, contact:
Business Enquires 1-800-959-5525
Sudbury Tax Centre
1050 Notre Dame Avenue
Sudbury ON P3A 5C1

APPENDIX A

Summary Of Changes To Your CEWS Application Payroll Account Number: 850708975RP0001

Claim period	Line A	Line B	Line C	Line H	Claim Adjustment
March 15 to April 11					
Changed from	196	\$947,955	\$484,990	\$484,990	
Changed to	72	\$299,976	\$191,145	\$191,145	\$293,845
April 12 to May 9					
Changed from	196	\$933,776	\$474,476	\$474,476	
Changed to	74	\$299,920	\$190,589	\$190,589	\$283,887
May 10 to June 6					
Changed from	204	\$921,704	\$476,908	\$476,908	
Changed to	77	\$303,706	\$189,121	\$189,121	\$287,787
July 5 to August 1					
Changed from	227	\$966,526	\$500,002	\$500,002	
Changed to	81	\$282,845	\$184,409	\$184,409	\$315,593
August 2 to August 29					
Changed from	244	\$962,401	\$513,171	\$513,171	
Changed to	84	\$282,452	\$186,601	\$186,601	\$326,570
August 30 to September 26					
Changed from	239	\$1,049,158	\$365,225	\$365,225	
Changed to	84	\$294,488	\$122,732	\$122,732	\$242,493
September 27 to October 24					
Changed from	231	\$1,113,556	\$509,062	\$509,062	
Changed to	76	\$310,500	\$169,480	\$169,480	\$339,582
October 25 to November 21					
Changed from	236	\$1,158,457	\$536,401	\$536,401	
Changed to	79	\$331,516	\$181,247	\$181,247	\$355,154
November 22 to December 19					
Changed from	261	\$1,308,324	\$564,054	\$564,054	
Changed to	88	\$379,340	\$198,151	\$198,151	\$365,903
December 20 to January 16					
Changed from	282	\$1,383,514	\$695,746	\$695,746	
Changed to	103	\$409,011	\$251,589	\$251,589	\$444,157
Total claim adjustment					\$3,254,971

Line A, Number of eligible employees

Line AA, Number of eligible employees on leave with pay

Line B, Total eligible remuneration paid

Line C, Basic Canada Emergency Wage Subsidy

Line D, Employer's EI and QPIP premiums payable on salary paid to furloughed employees

Line E, Employer's CPP and QPP contributions payable on salary paid to furloughed employees

Line F, 10% Temporary Wage Subsidy for Employers reduction

Line G, Amounts received by eligible employees – ESDC's Work Sharing Benefit program

Line H, Canada Emergency Wage Subsidy (line C + line D + line E – line F – line G)

APPENDIX B

CEWS Audit Adjustments

Emblem Cannabis Corporation
Business Number 850708975
Case Number 96419341

Based on our review of Emblem Cannabis Corporation's CEWS applications and the information you provided to us during the audit process, we are proceeding to make the following audit adjustments to Emblem Cannabis Corporation's CEWS claim amounts for the qualifying periods shown below per the applicable payroll account number as indicated.

Payroll Account Number: 850708975RP0001

1. CEWS claimed for ineligible employees

Emblem Cannabis Corporation (ECC) included the employees of the entire affiliated group in its CEWS claims. Under subsection 125.7(2), the CEWS is to be calculated for the eligible employees of each qualifying entity. Per the definition of eligible employee in subsection 125.7(1), eligible employees of an eligible entity must be employed by that eligible entity. Since the employees of the other entities in the group were not employed by ECC, the portion of the claims that relates to employees of other entities in the group must be disallowed.

Claim period	CEWS Allowed (ECC employees)	CEWS Disallowed (non-ECC employees)
March 15 to April 11	\$191,145	\$ 293,845
April 12 to May 9	190,589	283,887
May 10 to June 6	189,121	287,787
July 5 to August 1	184,409	315,593
August 2 to August 29	186,601	326,570
August 30 to September 26	122,732	242,493
September 27 to October 24	169,480	339,582
October 25 to November 21	181,247	355,154
November 22 to December 19	198,151	365,903
December 20 to January 16	251,589	<u>444,157</u>
Total claim adjustment		\$3,254,971

This is Exhibit “ZZ” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits



By Online Portal

June 30, 2023

Chief of Appeals
Appeals Intake Centre
Post Office Box 2006, Station Main
Newmarket ON L3Y 0E9

To Whom It May Concern:

Re:	Notice of Objection	
	Emblem Cannabis Corporation	(“Eligible Entity” or “Corporation”)
	Income Tax Account	85070 8975 RC0002
	Relevant Payroll Account	85070 8975 RP0001
	CEWS Qualifying Periods	March 15, 2020 to April 11, 2020
		April 12, 2020 to May 9, 2020
		May 10, 2020 to June 6, 2020
		July 5, 2020 to August 1, 2020
		August 2, 2020 to August 29, 2020
		August 30, 2020 to September 26, 2020
		September 27, 2020 to October 24, 2020
		October 25, 2020 to November 21, 2020
		November 22, 2020 to December 19, 2020
		December 20, 2020 to January 16, 2021
	Notice of Determination	March 31, 2023
	Our File	EMBLEM100

The Corporation hereby objects to the Notice of Determination (“Determination”) respecting the ten (10) above noted Canada Emergency Wage Subsidy (“CEWS”) qualifying periods 1 to 3 and 5 to 11. Attached at **Tab 1** is a copy of the Notice of Determination.

The Determination was raised following an audit which found the Corporation’s filing position incorrect in respect of making CEWS applications on behalf of each member of the affiliated group of eligible entities.

4-1853A Avenue Road, Toronto, Ontario M5M 3Z4
T: 416.234.9200 F: 416.391.6372
www.gerbtaxlaw.ca

The Corporation hereby requests copies of all audit and / or compliance file records, as follows:

1. CRA Audit Report;
2. CRA Auditor T2020 Memo For File and / or Working Papers;

The Corporation submits that the Determination issued pursuant to 152(3.4) of the *Income Tax Act* (R.S.C., 1985, c. 1 (5th Supp)) (the “*Act*”) is incorrect in fact and at law.

If there are any questions or concerns, please contact the authorized representative at (416) 234-9200 or by fax (416) 391-6372 or by email at eldad@gerbtaxlaw.ca.

I. MATERIAL FACTS

Background

In or around December 2018, Aleafia Health Inc. (TSX:AH) acquired Emblem Cannabis Corporation by way of a plan of arrangement under the *Canada Business Corporations Act*.

Emblem Cannabis Corporation (“ECC” or the “Corporation”) and its affiliates are a Canadian medical cannabis industry leader.

CEWS Applications 1 to 3 and 5 to 11

ECC is an eligible entity for CEWS purposes pursuant to 125.7(1) of the *Act*.

ECC is part of an affiliated group of eligible entities pursuant to paragraph 125.7(4)(b) of the *Act*.

The members of the affiliated group of eligible entities are:

- Emblem
- Canabo Medical Corp.
- Aleafia Farms
- Aleafia Inc.
- GrowWise

ECC timely filed the foregoing ten applications in issue on behalf of itself and each member of the affiliated group of eligible entities.

Two CRA Representatives called the Corporation prior to accepting or releasing payment on any of the CEWS applications.

In particular, in or around February 2021, the then CFO of ECC, Benjamin Ferdinand, was called by CRA representatives on two separate occasions to discuss the submitted CEWS applications and the delta in the number of ECC employees, which was explained by virtue of ECC recently being acquired by Aleafia Health Inc. (TSX: AH) and the aggregate headcount from the affiliated group of eligible entities; on those calls, it was communicated to the CRA Representatives that the submitted CEWS applications by ECC included ECC and affiliated group of eligible entity employees, *combined*.

At no time during these calls did the CRA representatives indicate that each eligible entity had an independent filing obligation on behalf of its corresponding eligible employees.

CEWS Audit

In a March 9, 2023 submission by ECC, it was conceded that: *We understand from the CRA's audit decision that the CEWS is to be calculated based on eligible employees of each qualifying entity and filed by each qualifying entity. We acknowledge that employees of the other entities in the group were not employed by ECC and should have been filed under each separate legal entity.*

On audit, all calculations for each member of the affiliated group of eligible entities was broken down for each of the ten CEWS qualifying periods at issue.

The Corporation makes no further factual submissions.

II. ISSUE

The issue is as follows:

1. Whether the Notice of Determination properly adjusted the number of eligible employees for ECC and its affiliated group of eligible entities for the 1 to 3 and 5 to 11 CEWS qualifying periods.

III. ANALYSIS

Substantive Argument #1: Honest Mistake

The Determination and Notice of Objection arise on account of an honest mistake.

Here, the Corporation conceded its filing error – filing globally on behalf of its affiliates rather than on an eligible-entity-by-eligible-entity basis – during the CEWS audit.

The context of the Corporation's filing error was in the context of dynamic, emergency legislative changes at the outset of covid-19.

Consider, on April 11, 2020, *The Canada Emergency Wage Subsidy* was enacted by *Bill C-14: A Second Act* respecting certain measures in response to covid-19 for Periods 1 to 3.

July 27, 2020, *Bill C-20* extended the CEWS for Periods 4 to 9.

November 19, 2020, *Bill C-9* extended the CEWS for Periods 10 to 16.

June 29, 2021, *Bill C-30* extended the CEWS for Periods 17 to 20.

Suffice it to say, CEWS eligibility criteria in respect of qualifying revenue decline tests and subsidy rates and top-ups and related information were constantly changing.

Presumably, in recognition of the dynamic crisis environment of the legislative pronouncements, CRA's website stated the following on Canada.ca under *Who can apply*:

Confirming your eligibility

If we notice a mistake in your application, we will work with you to correct it. If you realize you made a mistake in your application, you can request a change to your previous claim

We will *review your claim* and confirm the information you submit.

[emphasis in original]

Moreover, on August 6, 2020, the CRA provided the following update of CEWS audit activities on canada.ca under "Collections, Audits, Objections, and Appeals":

[T]he CRA has started working on the post-payment audit program for the Canada Emergency Wage Subsidy (CEWS). Audits under this program will begin this summer, and they will focus on CEWS applications made for periods one to four. Risk assessment tools and random sampling methodology will be used to select a range of files for this phase of the audit program. The CRA will use results from this phase to identify types and levels of non-compliance with CEWS legislation. These findings will inform future CEWS audit strategies which will be launched in the fall of 2020. **It is important to note that the CRA is not looking to punish businesses who have made an honest mistake in their application, but to detect and address instances of deliberate non-compliance.**

[emphasis added]

Contrary to the CRA's published position, this Determination punishes the Corporation despite the employees of the Corporation and its affiliates eligibility for CEWS.

Substantive Argument #2: CEWS Adjustments Between RP Accounts

The Corporation submits that in analogous cases to the instant case the CRA has interpreted the legislation in favour of the CEWS applicant.

The Corporation submits that overpayments reconciled between a group of affiliated eligible entities should be accorded the same treatment as multiple RP-accounts of a single eligible entity.

Reference is made to Questions 2(a) and (b) of CRA Views 2022-094139117: *(Re)determination of section 125.7 applications*.

Part of the answer to Question 2(a) stated as follows:

Therefore, in our view, an eligible entity that files separate section 125.7 applications on a RP-account basis that aggregate to an overall deemed overpayment for a qualifying period, rather than one single wage subsidy application for the qualifying period, should be considered to have made an application for the qualifying period in the prescribed form and manner as required by paragraph (a) of the definition “qualifying entity”.

The Corporation submits that its filing error is a variant on the above multiple RP-account application guidance which the Minister accepts and should therefore be accorded the same treatment and / or administrative relief. To wit, the Minister would reconcile an overpayment between multiple RP-account CEWS applications within one eligible entity. Here, the overpayment is a function of one eligible entity filing on behalf of its affiliates (as opposed to multiple RP-accounts), and, accordingly, the overpayment should be allowed, as above.

Substantive Argument #3: Agency Relationship

In the alternative, ECC was in an implied agency-principal relationship on behalf of a group of affiliated eligible entities.

In *Lohas Farm Inc. v. R.* 2019 TCC 197, at paragraph 64, Justice D’Auray references the leading text on agency as follows:

In the leading textbook on agency, *Canadian Agency Law*, G.H.L. Fridman discusses the creation of an agency relationship by implied contract in these terms:

As with other contracts, the agency relationship may be impliedly created by the conduct of the parties, without anything having been expressly agreed as to terms of employment, remuneration, etc

.... The assent of the agent may be implied from the fact that he has acted intentionally on another's behalf. In general, however, it will be the assent of the principal which is more likely to be implied.... Such assent may be implied where the circumstances clearly indicate that the principal has given authority to another to act on his behalf. This may be so even if the principal did not know the true state of affairs. Mere silence will be insufficient. There must be some course of conduct to indicate the acceptance of the agency relationship. The effect of such an implication is to put the parties in the same position as if the agency had been expressly created.

The Minister’s position with respect to implied agency relationships is set out in the guidance as follows:

The views of the Canada Revenue Agency in respect of implied agency relationships are similar and are set out set out in Policy Statement P-182R:

Agency exists where one person (the principal) authorizes another person (the agent) to represent it and take certain actions on its behalf. The authority granted by the principal may be express or implied. In other words, an agency

relationship may be created where one person explicitly consents to having another act on its behalf or behaves in such a way that consent is implied....

While two parties may agree that one party is to act as agent with respect to transactions undertaken on behalf of the other party, the absence of such an agreement is not sufficient to conclude that an agency relationship does not exist.

Although the intention of the parties is an important determinant of the nature of the relationship between the parties, case law supports the possibility that two parties may be engaged in an agency relationship without even being aware of it, provided their actions indicate that one party is acting as agent on behalf of another. In other words, agency is generally evident from the conduct of the parties.

Having regard to the above, Justice D'Auray quotes Justice Dawson from the Federal Court of Appeal in the decision of *Club Intrawest* setting out the components of an agency relationship as follows:

With respect to agency relationships generally, citing *Royal Securities Corporation Ltd. v. Montréal Trust Co. et al.*, [1967] 1 O.R. 137 at page 155, [1996] O.J. No. 1078 at paragraph 55; *aff'd* [1967] 2 O.R. 200, [1967] O.J. No. 997 (Ont. C.A.), the Tax Court correctly noted that the three generally accepted components of an agency relationship are:

- i. Both the principal and the agent consent to the agency relationship.
- ii. The principal grants authority to the agent allowing the agent to affect the principal's legal position.
- iii. The principal controls the agent's actions.

It is self-evident that all three elements of the agency relationship are met in the instant case.

Accordingly, the CRA should respect the commercial relationship between ECC and the group of affiliated entities and allow the ten CEWS applications, as filed.

Substantive Argument #4: Extension of Time for Members of Affiliated Group of Eligible Entities

In parallel to the herein appeals process, the members of ECC's affiliated group of eligible entities will file requests for extensions of time to file CEWS applications pursuant to subsections 125.7(16) corresponding to the disallowed amount pursuant to the Determination.

IV. RELIEF SOUGHT

The Corporation requests that:

- a) This Notice of Objection be accepted and the foregoing Notice of Determination be varied or vacated;

- b) The Minister exercise her discretionary authority to grant an extension of time pursuant to subsection 125.7(16) for the affiliated group of eligible entities to file CEWS applications for the corresponding eligible employees;
- c) Such further or other grounds or relief within the *Act* that the Minister deems just.

All of which is respectfully submitted.

With respect,
GERB TAX LAW PROFESSIONAL CORPORATION

A handwritten signature in black ink, appearing to be 'Eldad Gerb', with a long horizontal line extending to the right.

Eldad Gerb
EG; rss

This is Exhibit “AAA” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

KNOWN ACTIVE LITIGATION¹

Aleafia Health Inc.				
TITLE OF PROCEEDING	COURT FILE NO.	COURT LOCATION	DATE FILED	AMOUNT CLAIMED ²
PLAINTIFF (LISA LANGEVIN) V. ALEAFIA, EMBLEM et al (DEFENDANTS)	2001 07541	Calgary	Statement of Claim: June 16, 2020	\$505,000,000.00
MANNING ELLIOTT LLP V. ALEAFIA HEALTH INC.	VLC-S-S-230709	Vancouver	Notice of Civil Claim: January 30, 2023 Response to Civil Claim: March 27, 2023	\$67,907.22
ENVIRONMENTAL SYSTEMS CORPORATION v. EMBLEM CANNABIS CORPORATION et al	CV20006520090000	Toronto	Statement of Claim: November 26, 2020	\$111,586.62
MOORING v. ALEAFIA HEALTH INC.	CV21006637610000	Toronto	Statement of Claim: June 9, 2021 Statement of Defence: July 9, 2021	\$116,800.00
MARTIN et al v. 2626725 ONTARIO INC. OPERATING AS THE PINT PUBLIC HOUSE et al	CV21006733150000	Toronto	Statement of Claim: December 7, 2021	\$3,100,000.00
COOPER v. ALEAFIA HEALTH INC.	CV22006764240000	Toronto	Statement of Claim: February 4, 2022 Statement of Defence: March 15, 2022	\$223,992.00
WELLBEING DIGITAL SCIENCES INC. v. ALEAFIA HEALTH INC. et al	CV22006783450000	Toronto	Statement of Claim: March 14, 2022	\$3,000,000.00
	CV22006797310000	Toronto	Statement of Claim: April 13, 2022	\$113,000.00

¹ Some of these claims may have been settled.

² Dollar amounts are in CAD unless otherwise specified.

HYBRID FINANCIAL LTD. v. ALEAFIA HEALTH INC. et al			Amended Statement of Claim: November 29, 2022	
			Statement of Defence: May 18, 2022	
THIRD EYE INSIGHTS CORPORATION v. ALEAFIA HEALTH CORPORATION et al	CV22000005440000	London	Statement of Claim: April 7, 2022	\$101,838.94
			Statement of Defence: May 5, 2022	

Emblem Corp.

TITLE OF PROCEEDING	COURT FILE NO.	COURT LOCATION	DATE FILED	AMOUNT CLAIMED
TAYTS v. EMBLEM CANNABIS CORPORATION et al	CV19006167680000	Toronto	Fresh as Amended Statement of Claim May 6, 2019 ³	\$11,000,000.00
ENVIRONMENTAL SYSTEMS CORPORATION v. EMBLEM CANNABIS CORPORATION et al	CV20006520090000	Toronto	Statement of Claim: November 26, 2020	\$111,586.62

Emblem Cannabis Corporation

TITLE OF PROCEEDING	COURT FILE NO.	COURT LOCATION	DATE FILED	AMOUNT CLAIMED
PLAINTIFF (LISA LANGEVIN) V. ALEAFIA,	2001 07541	Calgary	Statement of Claim: June 16, 2020	\$505,000,000.00

³ A Statement of Claim was originally filed on March 20, 2015 under court file number 15-524487. This Statement of Claim was amended on May 6, 2019 pursuant to the Order of Master McAfee dated April 2, 2019.

EMBLEM ET AL. (DEFENDANTS)				
TAYTS v. EMBLEM CANNABIS CORPORATION et al	CV19006167680000	Toronto	Fresh as Amended Statement of Claim May 6, 2019 ⁴	\$11,000,000.00
ENVIRONMENTAL SYSTEMS CORPORATION v. EMBLEM CANNABIS CORPORATION et a	CV20006520090000	Toronto	Statement of Claim: November 26, 2020	\$111,586.62
EMBLEM CANNABIS CORPORATION v. I-WAY TRANSPORT INC. et al	CV21006579190000	Toronto	Statement of Claim: March 1, 2021	\$1,284,000.00 ⁵
			Amended Statement of Claim: April 22, 2021	
			Statement of Defence and Crossclaim of Wood-Hall Logistics Inc.: August 4, 2021	
			Amended Amended Statement of Claim: March 21, 2022	
			Statement of Defence and Crossclaim of I- Way Transport Inc.: May 17, 2022	
Amended Statement of Defence and Crossclaim of Wood-Hall Logistics Inc. to the Amended Statement of Claim: June 15, 2022				
THIRD EYE INSIGHTS CORPORATION v. ALEAFIA HEALTH CORPORATION et al	CV22000005440000	London	Statement of Claim: April 7, 2022	\$101,838.94
			Statement of Defence: May 5, 2022	

⁴ A Statement of Claim was originally filed on March 20, 2015 under court file number 15-524487. This Statement of Claim was amended on May 6, 2019 pursuant to the Order of Master McAfee dated April 2, 2019.

⁵ In total, as amended by the Amended Statement of Claim and the Amended Amended Statement of Claim.

Growwise Health Limited

TITLE OF PROCEEDING	COURT FILE NO.	COURT LOCATION	DATE FILED	AMOUNT CLAIMED
MARTIN et al v. 2626725 ONTARIO INC. OPERATING AS THE PINT PUBLIC HOUSE et al	CV21006733150000	Toronto	Statement of Claim: December 7, 2021	\$3,100,000.00
WELLBEING DIGITAL SCIENCES INC. v. ALEAFIA HEALTH INC. et al	CV22006783450000	Toronto	Statement of Claim: March 14, 2022	\$3,000,000.00

Aleafia Inc.

TITLE OF PROCEEDING	COURT FILE NO.	COURT LOCATION	DATE FILED	AMOUNT CLAIMED
CORNACCHIA v. ALEAFIA INC.	CV18001361640000	Newmarket	Statement of Claim: June 12, 2018 Statement of Defence: January 24, 2019	\$71,874.98
HYBRID FINANCIAL LTD. v. ALEAFIA HEALTH INC. et al	CV22006797310000	Toronto	Amended Statement of Claim: November 29, 2022 Statement of Defence: May 18, 2022	\$113,000.00

Canabo Medical Corporation

TITLE OF PROCEEDING	COURT FILE NO.	COURT LOCATION	DATE FILED	AMOUNT CLAIMED
WELLBEING DIGITAL SCIENCES INC. v. ALEAFIA HEALTH INC. et al	CV22006783450000	Toronto	Statement of Claim: March 14, 2022	\$3,000,000.00

This is Exhibit "BBB" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

KNOWN ACTIVE LITIGATION CLAIM AMOUNTS AS AGAINST ALEAFIA GROUP¹

TITLE OF PROCEEDING	AMOUNT CLAIMED (CAD)
PLAINTIFF (LISA LANGEVIN) V. ALEAFIA, EMBLEM et al (DEFENDANTS)	\$505,000,000.00
MANNING ELLIOTT LLP V. ALEAFIA HEALTH INC.	\$67,907.22
ENVIRONMENTAL SYSTEMS CORPORATION v. EMBLEM CANNABIS CORPORATION et al	\$111,586.62
MOORING v. ALEAFIA HEALTH INC.	\$116,800.00
MARTIN et al v. 2626725 ONTARIO INC. OPERATING AS THE PINT PUBLIC HOUSE et al	\$3,100,000.00
COOPER v. ALEAFIA HEALTH INC.	\$223,992.00
WELLBEING DIGITAL SCIENCES INC. v. ALEAFIA HEALTH INC. et al	\$3,000,000.00
HYBRID FINANCIAL LTD. v. ALEAFIA HEALTH INC. et al	\$113,000.00
TAYTS v. EMBLEM CANNABIS CORPORATION et al	\$11,000,000.00
THIRD EYE INSIGHTS CORPORATION v. ALEAFIA HEALTH CORPORATION et al	\$101,838.94
CORNACCHIA v. ALEAFIA INC.	\$71,874.98
TOTAL	\$522,906,999.76

¹ Some of these claims may have been settled.

This is Exhibit "CCC" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

COURT FILE NUMBER

2001 07541

COURT

COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF

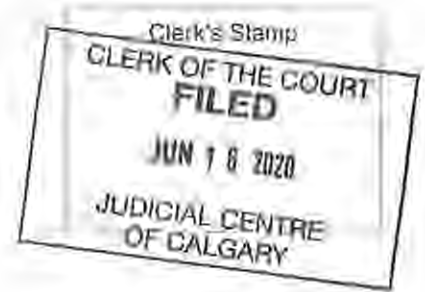
LISA MARIE LANGEVIN

DEFENDANTS

AURORA CANNABIS INC.,
AURORA CANNABIS
ENTERPRISES INC., AURORACO,
ALEAFIA HEALTH INC.,
EMBLEM CANNABIS
CORPORATION, ALEAFLACO,
HEXO CORP., HEXOCO, CRONOS
GROUP INC., CRONOSCO,
TILRAY CANADA LTD., HIGH
PARK HOLDINGS LTD.,
TILRAYCO, ORGANIGRAM
HOLDINGS INC.,
ORGANIGRAMCO, MEDIPLARM
LABS CORP. AND
MEDIPLARMCO,

DOCUMENT

STATEMENT OF CLAIM



2. Many of the cannabis products sold by the Defendants were sold to consumers in containers using plastic bottles or caps that may have rapidly absorbed or degraded the THC or CBD content within them. Consumers purchasing such products consequently purchased products that had significantly lower THC or CBD than the Defendants led them to believe they contained. By over-representing the true amount of THC or CBD in the products, consumers had to either consume substantially more product than they should have in order to obtain the desired effects or, in the alternative, simply consumed the product without obtaining as significant, or any, of the desired effects. Consumers, in such cases, did not receive what the Defendants' labelling stated that they would receive and the Defendants benefited from this at the expense of the consumers.

3. Other cannabis products were sold to Canadian consumers with THC or CBD content that may have been significantly and materially higher than the amount stated on the product's label. By underrepresenting the true amount of THC or CBD, consumers may have experienced unwanted effects and been placed in significant physical or mental danger.

4. The Plaintiff, on behalf of the proposed class, seeks recovery of the money the Class members spent purchasing the Defendants' products that did not contain what they were advertised to contain. The Plaintiff also seeks compensatory damages for those who suffered physical or mental injuries as a result of the Defendants' mislabeling of their products. The Plaintiff, in addition or in the alternative, seeks a disgorgement of the profits that the Defendants wrongfully made off of the Class by misrepresenting the THC and CBD content in their products.

THE PARTIES

5. Lisa Marie Langevin (the "Plaintiff"), resides in Calgary, Alberta. She purchased a cannabis product manufactured by the Defendant, Tilray, for recreational purposes.

6. The Defendant, Tilray Canada Ltd. ("Tilray"), is a corporation incorporated pursuant to the laws of the Province of British Columbia, with a corporate office in Vancouver, British Columbia, is in the business of the manufacturing and distributing cannabis products for both medicinal and recreational use within Canada. Further or in the alternative, the Defendant High Park Holdings Ltd. ("High Park"), a corporation with its corporate head quarters locating in Toronto, Ontario, and/or the Defendant Tilrayco, being a yet to be identified corporation, are subsidiaries or affiliates of Tilray, and are in the business of the manufacturing and distributing cannabis products for both medicinal and recreational use within Canada. Tilray, High Park and/or Tilrayco individually or collectively manufactured, promoted and distributed the Subject Product, as defined herein, ultimately acquired by the Plaintiff. High Park carries on business under the Trade Mark and style "High Park Company".

7. The Defendant, Aurora Cannabis Inc. ("Aurora"), is a corporation incorporated pursuant to the laws of the Province of British Columbia with a registered corporate office address in Vancouver, Aurora is in the business of the manufacturing and distributing cannabis products for

both medicinal and recreational use, Aurora, or in the alternative the Defendant Aurora Cannabis Enterprises Inc. or the Defendant Auroraco, being a yet to be identified corporation that is a subsidiary or affiliate of Aurora, has a significant number of manufacturing and distribution facilities in Alberta, or elsewhere in Canada, including a flagship 800,000 square-foot facility located in Edmonton (Aurora Sky), as well as other production facilities in Medicine Hat (Aurora Sun) and Cremona (Aurora Mountain).

8. Further, or in the alternative the Defendant Aurora Cannabis Enterprises Inc. and/or Auroraco, being a yet to be identified corporation that is a subsidiary or affiliate of Aurora, is in the business of the manufacturing and distributing cannabis products for both medicinal and recreational use within Canada.

9. The Defendant, Aleafia Health Inc. ("Aleafia"), is a corporation incorporated pursuant to the laws of the Province of British Columbia, and continued into the Province of Ontario, is in the business of the manufacturing and distributing cannabis products for both medicinal and recreational use within Canada. Further or in the alternative, the Defendant Emblem Cannabis Corporation ("Emblem"), a corporation incorporated pursuant to the laws of Canada and/or the Defendant Aleafiaco, being a yet to be identified corporation, are subsidiaries or affiliates of Aleafia, and are in the business of the manufacturing and distributing cannabis products for both medicinal and recreational use within Canada.

10. The Defendant, Hexo Corp. ("Hexo"), is a corporation incorporated pursuant to the laws of the Province of Ontario, is in the business of the manufacturing and distributing cannabis products for both medicinal and recreational use within Canada. Alternatively, the Defendant Hexoco, being a yet to be identified corporation that is a subsidiary or affiliate of Hexo, is in the business of the manufacturing and distributing cannabis products for both medicinal and recreational use within Canada.

11. The Defendant, Cronos Group Inc. ("Cronos"), is a corporation incorporated pursuant to the laws of the Province of Canada, with a corporate office in Toronto, Ontario, is in the business of the manufacturing and distributing cannabis products for both medicinal and recreational use within Canada. Alternatively, the Defendant Cronosco, being a yet to be identified corporation that is a subsidiary or affiliate of Cronos, is in the business of the manufacturing and distributing cannabis products for both medicinal and recreational use within Canada. Cronos, or alternatively Cronosco, carry on business under the name and Trade Mark "Cove".

12. The Defendant, Organigram Holdings Inc. ("Organigram"), is a corporation incorporated pursuant to the laws of the Province of New Brunswick, with a corporate office in Moncton, New Brunswick, is in the business of the manufacturing and distributing cannabis products for both medicinal and recreational use within Canada. Alternatively, the Defendant Organigramco, being a yet to be identified corporation that is a subsidiary or affiliate of the Defendant Organigram, is in the business of the manufacturing and distributing cannabis products for both medicinal and

recreational use within Canada. Organigram, or alternatively Organigramco, carry on business under the name and style “Edison Cannabis Co.” and “Lift & Co.”

13. The Defendant, MediPharm Labs Corp. (“MediPharm”), is a corporation incorporated pursuant to the laws of the Province of Ontario, with a corporate office in Barrie, Ontario is in the business of the manufacturing and distributing cannabis products for both medicinal and recreational use within Canada. Alternatively, the Defendant MediPharmco, being a yet to be identified corporation that is a subsidiary or affiliate of MediPharm, is in the business of the manufacturing and distributing cannabis products for both medicinal and recreational use within Canada.

THE PROPOSED CLASS MEMBERS

14. This action is brought on behalf of the Plaintiff and other persons resident in Canada who purchased cannabis products that were manufactured, sold, promoted, or distributed by the Defendants, and consumed prior to the labelled expiry date of such products (if any):

- a. On or after June 16, 2010, if such products were used for medicinal purposes; or
- b. On or after October 17, 2018, if such products were used for recreational purposes.

(the “Class” and the “Class period”)

LEGAL STATUS AND REGULATION OF CANNABIS PRODUCT LABELLING IN CANADA

15. Prior to 2001, cannabis was a Schedule II controlled substance under the *Controlled Drugs and Substances Act*, SC 1996, c. 19 and possession or distribution of cannabis was a criminal offence.

16. In 2001, the Government of Canada provided regulatory changes to Canada's *Controlled Drugs and Substances Act* through the *Access to Cannabis for Medical Purposes Regulations*, SOR/2001-227. These regulations allowed individuals to purchase and use cannabis products for medicinal purposes if they obtained prescriptions from medical practitioners. Cannabis distribution was permitted only to those persons with valid medical prescriptions; otherwise, cannabis remained a controlled substance and subject to criminal penalties under Schedule II of the *Controlled Drugs and Substances Act*.

17. On October 17, 2018, the Government of Canada legalized possession and distribution of cannabis products through the *Cannabis Act*, SC 2018, c 16 by removing cannabis as a Schedule II controlled substance under the *Controlled Drugs and Substances Act*.

18. Amongst other things, the *Cannabis Act* prohibits the promotion of cannabis products in a manner that is false, misleading, or deceptive, or in a manner that creates a false impression about

its composition, characteristics, potency, purity, or quality. Cannabis may not be packaged or labelled with information that is false, misleading, or deceptive, including information about the characteristics, quantity, composition, concentration, potency, purity, or quality of the product. Correct labelling of cannabis products is important for the safety and well-being of consumers, as well as for protecting the public.

19. Cannabis manufacturing, sale, promotion, and distribution is subject to provincial and federal regulatory oversight; however, all cannabis promotion and labelling is subject to the minimum requirements set out in the *Federal Cannabis Act*.

20. The Defendants are holders of Federal licenses for processing cannabis and are regulated under the *Federal Cannabis Regulations*, SOR/2018-144. The *Cannabis Regulations* require a cannabis licence holder to label their cannabis products with THC and CBD amounts and test every lot of cannabis to confirm the quantity or concentration of THC or CBD is accurate prior to the packaging and labelling the product. Each cannabis product distributed in Canada must be labelled with the name of the manufacturer and the manufacturer's lot number.

21. The *Cannabis Regulations* require that a cannabis license holder, amongst other things, ensure that every lot or batch of cannabis is approved by a quality assurance person before being made available for sale.

22. Section 97 of the *Cannabis Regulations* set out variability limits for cannabis products. These provide that the product described by cannabis labelling must not contain any quantity or concentration of THC or CBD that is more than 15% different than what is provided on the label. The concentration or quantity of THC or CBD in a product distributed to consumers must therefore contain no less than 85% and no more than 115% of the THC or CBD provided on the label. In cases where the THC or CBD advertised is an edible or is divisible into discrete units, variability limits of up to 25% are permitted, but only if the amount labelled is less than 2 mg.

23. All individual cannabis products distributed in Canada may, under the *Cannabis Regulations*, be labelled with an expiry date that the manufacturer, using product data, has determined is appropriate. As of that expiry date, the cannabis product must maintain no less than 80% and no more than 120% of its THC and CBD content, if the product is dried cannabis or fresh cannabis. Cannabis extract or a cannabis topical must not have larger variability limits than those set out in section 97 of the *Cannabis Regulations* as of the expiry date on the product's label. A licence holder must retain documentation confirming which data was relied upon to establish an expiry date for a lot of cannabis products. This documentation must be retained for at least two years after the last sale or distribution of any lot or batch of the cannabis product.

24. The provisions of the *Cannabis Act* and the *Cannabis Regulations* are mandatory minimums that Canadian cannabis users rely upon to ensure that the products they consume are safe and

predictable. Canadians who choose to purchase and consume cannabis do so trusting that these minimum standards are followed by cannabis manufacturers, promoters, distributors, and sellers.

PLAINTIFF'S EXPERIENCE

25. On or around February 13, 2020, the Plaintiff attended the retail business of Canna Cabana in Calgary, Alberta, located at #610, 20 Crowfoot Crescent NW and purchased a 28.2 g (30 mL) bottle of cannabis product manufactured and distributed by Tilray under the brand Canaca – TenUp (10:0), with a manufacturer's listed lot number of N0000005915, and a labelled THC content of 10.4 mg/mL, as well as a labelled CBD content of <0.1 mg/ml (the "Subject Product"). The name of the product (TenUp 10:0) suggests that the product is supposed to contain 10 mg/mL of THC and no mg/mL of CBD. The cost of the bottle was approximately \$36. The Subject Product was packaged on February 3, 2019 and did not have an expiry date. The labelling of the Subject Product is provided below:





26. The Plaintiff had not previously used cannabis and was curious about it. While at Canna Cabana she spoke with the staff and was recommended to try the Subject Product as a first-time user. She was warned that if she overdid the dosage she could experience negative health effects including, in particular, a common phenomenon known as “greening out” that leads a cannabis user, amongst other things, to experience severe nausea, dizziness, or feelings of anxiety.

27. After ingesting the Subject Product, the Plaintiff did not notice any psychotropic effects whatsoever. The Plaintiff tried the Subject Product four times over a roughly one month period, gradually, and anxiously, increasing the dosage. She continued to have no psychotropic effects and did not feel any other well-known “side effects” – such as feelings of sleepiness.

28. Not knowing what to expect, the Plaintiff spoke with a friend of hers, Dr. Darren Clark, who has a PhD, a strong scientific background, and is familiar with cannabis. Dr. Clark explained that the Plaintiff should have felt the effects from consuming the Subject Product in the amounts recommended by the staff at Canna Cabana. Dr. Clark tried the Subject Product herself, and also failed to notice any effects.

29. As neither the Plaintiff nor Dr. Clark felt any effects of the Subject Product, Dr. Clark became suspicious about the integrity of the Subject Product. Dr. Clark had heard that plastic can liners could leech cannabinoids from beverages in studies completed in the United States. She

suspected that a similar issue could have affected the Subject Product, which was sold in a plastic vial with a plastic lid.

30. Suspecting that the Subject Product was defective, Dr. Clark spoke with Dr. Shaun Mesher, a colleague of hers who had a PhD in biochemistry, and he agreed that the Subject Product may have integrity issues, based on Dr. Clark's and the Plaintiff's experience, as well as the plastic vial in which the Subject Product was stored. Dr. Mesher arranged to have the Subject Product sent to a laboratory for testing.

31. After laboratory testing, it was discovered that the Subject Product only had 46% of the labelled amount of active THC in the oil. A different bottle from the same Tilray lot number of the Subject Product, but that was packaged on March 2, 2019, was subsequently tested. The testing revealed that the bottle had 79% of the THC listed on the label in the oil, representing a very wide range of variance between different bottles ostensibly from the same lot. The Subject Product and the other product tested were also both well outside of the generous variability limits provided in the *Cannabis Regulations*.

32. Dr. Mesher investigated the striking mislabelling and lot variability further, sending a number of cannabis samples from other cannabis products to the laboratory for testing. The results were surprising. A significant number of the samples sent for testing were outside the variability limits provided for under the *Cannabis Regulations*, including the following samples:

- a. Edison Cannabis Co., (an Organigram or Organigramco product), lot number 3140. This had an advertised THC potency of 10.4 mg/ml but on testing was revealed to have THC potency of only 7.36 mg/ml (71% of the labelled amount).
- b. Northern Harvest, lot number A36501-925. This had an advertised THC potency of 19.89 mg/ml but on testing was revealed to have THC potency of only 12.81 mg/ml (64% of the labelled amount).
- c. Cove (a Cronos or Cronosco product) – Reflect Hybrid, lot number 0297E. This had an advertised THC potency of 18 mg/ml but on testing was revealed to have THC potency of 21.16 mg/ml (118% more than the labelled amount).
- d. MediPharm Labs, lot number 19ABQ-01F. This had an advertised THC potency of 24.5 mg/ml but on testing was revealed to have THC potency of 29.04 mg/ml (119% more than the labelled amount).
- e. AgMedica Bioscience – Vertical, lot number INC-02-19192-01. This had an advertised THC potency of 20.64 mg/ml but on testing was revealed to have THC potency of only 9.8 mg/ml (54% of the labelled amount).

- f. Aurora Sativa Drops, lot number 1102019000120. This had an advertised THC potency of 24.7 mg/ml but on testing was revealed to have THC potency of only 13.37 mg/ml (54% of the labelled amount).
- g. Organigram – Edison, lot number 5111. This had an advertised CBD potency of 9.69 mg/ml but on testing was revealed to have CBD potency of only 5 mg/ml (52% of the labelled amount).

THE DEFENDANTS' FALSE AND MISLEADING LABELLING OF CANNABIS PRODUCTS

33. The Plaintiff, on the basis of the information she obtained from Dr. Mesher's testing, believes that there is a pervasive mislabelling of cannabis products in the Canadian market.

34. During the Class period, the Defendants manufactured and distributed cannabis products with labels that are false or misleading – with a significant portion of these products being sold to consumers with THC or CBD quantities that were well outside of the variability limits allowed for by the *Cannabis Regulations*. Consequently, the Class purchased and consumed products that, in a significant number of cases, contained either much more or much less THC or CBD than they intended to consume.

35. Only a small fraction of the cannabis products purchased by the Class are subject to Health Canada recalls. During the Class period the Defendants have routinely and systemically failed properly to label their cannabis products, resulting in pervasive overdosing and underdosing of THC or CBD by consumers.

36. None of the samples listed at paragraph 38 above were recalled by Health Canada.

37. The Class members otherwise have received no notice that the THC or CBD quantities in the cannabis products that they purchased and consumed were mislabelled by the Defendants. Even when Health Canada recalls of the Class members' cannabis products were issued to warn of mislabelling, these recalls were often only received after the Class had consumed the Defendants' cannabis products.

BREACH OF CONTRACT AND BREACH OF CONSUMER PROTECTION LEGISLATION

38. The Defendants, or some of them, are or were sellers of consumer goods. The Plaintiff and the Class purchased cannabis products from the Defendants under contracts of purchase and sale – including, in particular, by online purchases from the Defendants' respective websites.

Sale not in Accordance with the Product's Description

39. The Plaintiff and the Class relied upon the implied condition in a consumer contract that goods sold by description will correspond to that description, as set out in the following provincial and territorial *Sale of Goods Acts*, including:

- a. *Sale of Goods Act*, RSBC 1996, c 410, s 17(1);
- b. *Sale of Goods Act*, RSA 2000, c S-02, s 15;
- c. *Sale of Goods Act*, RSS 1978, c S-1, s 15;
- d. *Sale of Goods Act*, CCSM, c S.10, s 15;
- e. *Sale of Goods Act*, RSO 1990, c S.1, s 14;
- f. *Sale of Goods Act*, RSNB 1973, c S-1, s 15;
- g. *Sale of Goods Act*, RSNS 1989, c 408, s 16;
- h. *Sale of Goods Act*, RSPFI 1988, c S-1, s 15;
- i. *Sale of Goods Act*, RSNL 1990, c S-6, s 15(1);
- j. *Sale of Goods Act*, RSNWT 1988, c S-2, s 17(a);
- k. *Sale of Goods Act*, RSY 2002, c 1987, s 15(b);
- l. *Sale of Goods Act*, RSNWT 1988, c S-2, s 17(a); and
- m. *Sale of Goods Act*, RSNWT 1988 (Nu), c S-2, s 17(a).

40. The Defendants breached the condition that the actual items provided to the Class would correspond with the description of the cannabis product provided to them, including, in particular, the quantity of THC and CBD expected and, consequently, the Class did not receive the benefit of the contract that they intended.

Products were not of Merchantable Quality

41. An implied statutory term of the contracts between the Defendants and the Class members was that the cannabis products would be of merchantable quality and fit for their intended purpose, as set out in the following provincial and territorial *Sale of Goods Acts*:

- a. *Sale of Goods Act*, RSBC 1996, c 410, s 18(b);
- b. *Sale of Goods Act*, RSA 2000, c S-02, s 16(4);
- c. *Sale of Goods Act*, RSS 1978, c S-1, s 16.2;
- d. *Sale of Goods Act*, CCSM, c S.10, s 16(b);
- e. *Sale of Goods Act*, RSO 1990, c S.1, s 15.2;

- f. *Sale of Goods Act*, RSNB 1973, c S-1, s 15;
- g. *Sale of Goods Act*, RSNS 1989, c 408, s 17(b);
- h. *Sale of Goods Act*, RSPEI 1988, c S-1, s 16(b);
- i. *Sale of Goods Act*, RSNL 1990, c S-6, s 16(c);
- j. *Sale of Goods Act*, RSNWT 1988, c S-2, s 18(1)(b);
- k. *Sale of Goods Act*, RSY 2002, c 1987, s 15(b);
- l. *Sale of Goods Act*, RSNWT 1988, c S-2, s 18(1)(b); and
- m. *Sale of Goods Act*, RSNWT 1988 (Nu), c S-2, s 18(1)(b).

42. The Defendants warranted to the Class that their cannabis products would be as advertised and fit for their intended purpose.

43. Cannabis products that contain THC or CBD quantities that are significantly above or below their labelled amounts are not of merchantable quality and are not fit for their intended purpose – whether for medicinal or recreational use. Consequently, the Defendants breached their implied warranty to the Class and deprived the Class of the benefit of the contract that they intended.

COMMON LAW MISREPRESENTATION

44. The Defendants owed a duty to the Class to ensure that representations made about their cannabis products were accurate and not misleading.

45. The Defendants knew, or ought to have known through reasonable diligence, that the representations they made about the THC or CBD quantities on their cannabis products on the products' labels were inaccurate or misleading.

46. The Class members reasonably relied upon the representations made by the Defendants as to the quantities of THC or CBD in the Defendants' cannabis products – including, in particular, by reasonably expecting that the Defendants would comply with the statutory and regulatory requirements governing cannabis labelling as set out in the *Cannabis Act* and the *Cannabis Regulations*.

47. The Defendants knew, or ought to have known, that the Class members would rely upon their labelling when making consumer decisions about which cannabis products to purchase and how much of such products they would consume at any given time.

48. The Class members could not with reasonable diligence determine the actual THC or CBD levels in the Defendants' cannabis products and detrimentally relied upon the Defendants' representations made about their products on the product labelling. The Class members, if they

knew of the Defendants' misrepresentations would either have not purchased the Defendants' products or would have consumed the products differently.

49. The Defendants financially benefitted from their misrepresentations at the expense of the Class members.

STATUTORY MISREPRESENTATION CLAIMS AND CONSUMER PROTECTION LEGISLATION

50. The Defendants were under statutory obligations in accordance with consumer protection legislation, including in the Province of Alberta, not to engage in unfair or deceptive business practices, including an obligation not to materially mislead Class members when marketing, promoting, selling, or advertising their cannabis products.

51. Specifically, the Defendants marketed, promoted, sold, or advertised cannabis products that represented quantities of THC or CBD that were materially different from the actual quantities of THC or CBD in the cannabis products purchased by the Class members.

52. By engaging in such unfair or deceptive business practices, the Defendants breached their statutory obligations under consumer protection legislation, including the following:

- a. *Business Practices and Consumer Protection Act*, SBC 2004, c 2, ss 4-5;
- b. *Consumer Protection Act*, RSA 2000, c C-26.3, s 6(4);
- c. *Consumer Protection and Business Practices Act*, SS, c C-30.2, ss 6-8;
- d. *Business Practices Act*, CCSM, c B120, ss 2, 3, and 5;
- e. *Consumer Protection Act*, SO 2002, c 30, ss 14 and 17;
- f. *Business Practices Act*, RSPEI 1988, c B-7, ss 2 and 3; and
- g. *Consumer Protection and Business Practices Act*, SNL 2009, c C-31.1, s 7 and 9.

53. The Plaintiff claims on her own behalf, and on behalf of the Class if they so elect, a right to rescind her contract with the Defendants and for the return of the value of the cannabis products purchased as a result of the Defendants' unfair or deceptive business practices.

BREACH OF COMPETITION ACT

54. The representations made by the Defendants about the quantities of THC and CBD on their cannabis products' labels are false or misleading in a material respect based both on the literal meaning and the general impression conveyed by the representations.

BREACH OF DUTY TO WARN

60. The Defendants, as manufacturers or distributors of a potentially dangerous product, owed a duty to the Class to warn them if their products were mislabelled and to complete recalls of all such products if they were mislabelled by an appreciable amount. The risk to the Class members of mislabelling of THC or CBD content in cannabis products includes a real risk of serious physical injury or even death.

61. The Defendants breached their duty to warn the Class by:

- a. Failing to correct the mislabelling in a timely manner, if the mislabelling was corrected at all;
- b. Failing to warn Class members through a notification through Health Canada advising that the labelling of their cannabis products was or could be inaccurate;
- c. Failing to communicate to the Class the existence of potentially mislabelled cannabis products through their websites or other means reasonably likely to reach the Class members;
- d. In the event that mislabelling was communicated to the Class members, by failing to advise of the extent of the mislabelling; and
- e. Such other particulars of a breach of the duty to warn as may become apparent and counsel may advise.

62. The Defendants knew, or ought to have known, that if they did not adequately warn the Class of the dangers of mislabelled products that the Class could suffer damages, as particularized below:

DAMAGES CAUSED BY THE DEFENDANTS' MISLABELLING OF CANNABIS PRODUCTS

63. The health consequences of overconsuming cannabis as a result of an underreported labelling of THC can be very serious. THC overdoses can cause a number of health conditions, including:

- a. Extreme anxiety or panic attacks;
- b. Psychotic reactions leading to a loss of touch with reality, paranoia, hallucinations, delusions, or a loss of personal identity;
- c. Heart conditions, including an elevated heart rate, chest pain, or a heart attack;
- d. Uncontrollable shaking or seizures;
- e. High blood pressure;
- f. Serious and prolonged headaches;
- g. Impaired brain development (particularly in those under the age of 21).

- b. Magnification of the symptoms of alcohol consumption or adversely interacting with other drugs, including prescription medications, with potentially lethal consequences; and
- i. Decreased judgment, perception and coordination that can lead to serious injuries or even death.

64. A significant consequence of the Defendants' mislabelling of the THC or CBD content in their cannabis products is the creation of confusion as to what the appropriate quantity of THC or CBD consumption is for that individual consumer. Over time, consumers calibrate their THC or CBD use based upon previous experiences. In order properly to calibrate this usage, they rely upon accurate THC and CBD labelling. If there is a significant discrepancy between the labelled amount and the consumed amount, the consumer will mistakenly calibrate his or her usage to that amount. This is particularly dangerous when the amount of THC or CBD consumed is significantly overreported on the label as the consumer will then expect to be able to consume a significantly larger portion of THC or CBD in the future without an adverse reaction. This can lead to future overdoses even though the amount consumed at a particular time was actually a much smaller dose. It may also lead to the consumer purchasing much more cannabis than he or she requires in the future.

65. In addition, consumers that purchase cannabis products with THC or CBD that are overreported obtain a "watered-down" product at full price, potentially requiring them to purchase additional quantities to obtain the intended effect.

66. The Class members suffered some or all of the above noted damages as a direct result of the actions of the Defendants in mislabelling and misrepresenting the THC or CBD quantities in their cannabis products.

UNJUST ENRICHMENT

67. The Defendants were unjustly enriched by their conduct as set out above, including conduct that was in breach of sale of goods legislation, consumer protection legislation, the *Competition Act*, the *Cannabis Act*, and other applicable statutory and common law.

68. The Defendants were enriched by financially profiting from the sale of goods that the Class members would not have purchased but for the misleading representations of the Defendants. The Class members suffered a financial deprivation corresponding to the Defendants' enrichment and there was no juristic reason for the Defendants' enrichment and the Class members' corresponding deprivation.

69. The Class members are entitled to a remedy in the form of restitution or disgorgement of the profits the Defendants earned as a result of their illicit actions.

WAIVER OF TORT

70. In the alternative, the Plaintiff and the Class members claim disgorgement of the benefits received by the Defendants in accordance with the doctrine of waiver of tort – including a disgorgement of all ill-gotten profits made by the Defendants as a result of their wrongdoing, as described above.

71. The Defendants benefitted from their wrongdoing, including through their misleading labelling of THC and CBD content in their cannabis products, and benefitted from the increased profits as a result of this misleading labelling.

72. The Defendants should not be permitted to retain the profits derived from their wrongdoing and an award of compensatory damages alone to the Class members would not deter the Defendants from future misconduct.

PUNITIVE DAMAGES

73. The wrongful acts committed by the Defendants are of such a reprehensible nature as to warrant an award of aggravated and/or punitive damages. The wrongful acts committed by the Defendants were malicious and reprehensible and depart to a marked degree from the standards expected of manufacturers and distributors of consumer goods. The Defendants, in particular, demonstrated indifference to the potential danger to the lives of the Class members through the mislabelling of their products. The Defendants knew that their mislabelling could have serious repercussions for the Class and took few, if any, steps to protect the Class or warn them of the danger they faced. They did so in order to protect their profits and avoid product recalls.

74. Aggravated and punitive damages are appropriate in order to deter the Defendants, or those similarly situated, from taking such wrongful actions in the future.

SERVICE OUTSIDE ALBERTA

75. Pursuant to Rule 11.25 of the *Alberta Rules of Court*, there is a real and substantial connection between this action and Alberta supporting service of this Claim outside Alberta and the grounds for service of the Statement of Claim outside of Alberta are herein made out, including:

- a. The Plaintiff and many of the Class members reside in Alberta;
- b. The Defendants marketed and sold their cannabis products to Class members in Alberta;
- c. Many of the contracts between the Class members and the Defendants were made in Alberta;
- d. Many of the causes of action in this claim are governed by the laws of Alberta; and

- e. The Plaintiff's damages, and the damages suffered by many of the Class members, were suffered in Alberta.

Remedy sought:

76. The Plaintiff claims on her behalf, and on behalf of the proposed Class:
- a. An order certifying this action as a class proceeding and appointing the Plaintiff as the representative plaintiff;
 - b. An accounting of all revenues that the Defendants have received from the sale of their cannabis products from June 9, 2018 to the date of certification of this action;
 - c. Judgment, including judgment on an aggregate basis pursuant to Division 2 of the *Class Proceedings Act*, SA 2003, c. C-16.5, for breach of contract, compensatory damages, statutory breach, and unjust enrichment in the amount of \$500,000,000, or such other amount as may be proven at trial;
 - d. Punitive damages in the amount of \$5,000,000 against each of the Defendants;
 - e. Interest pursuant to the *Judgment Interest Act*, RSA 2000, c. J-1;
 - f. Costs of this action; and
 - g. Such further and other relief as this Court may deem just and appropriate.

NOTICE TO THE DEFENDANT(S)

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your statement of defence or a demand for notice on the Plaintiffs' address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the Plaintiff(s) against you.

This is Exhibit “DDD” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits



Court File No.:

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Electronically issued : 07-Dec-2021
Délivré par voie électronique
Toronto

SHAMEKA MARTIN and ANNETTE MARTIN

Plaintiffs

- and -

2626725 ONTARIO INC. operating as THE PINT PUBLIC HOUSE, GROWWISE HEALTH LIMITED, and ALTHEA HEALTH INC.

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiffs. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario Lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiffs' lawyer or, where the Plaintiffs do not have a lawyer, serve it on the Plaintiffs, and file it, with proof of service, in this court office, **WITHIN TWENTY DAYS** after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

If you wish to defend this proceeding but are unable to pay legal fees, Legal Aid may be available to you by contacting a local Legal Aid office.

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TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Issued by _____

Date:

Local Registrar
Address of Court Office:
393 University Avenue
Toronto, Ontario
M5G 1E6

**TO: 2626725 ONTARIO INC. operating as
THE PINT PUBLIC HOUSE
381 Front Street West, Suite 1003
Toronto, ON M5V 3S8**

AND/OR

277 Front Street West
Toronto, ON
M5V 2X4

**AND TO: GROWWISE HEALTH LIMITED
85 Basaltic Road
Concord, ON
L4K 1G4**

**AND TO: ALTHEA HEALTH INC.
85 Basaltic Road
Concord, ON
L4K 1G4**

AND TO: JOHN/JANE DOE MANGER

AND TO: JOHN/JANE DOE BARTENDER/SERVER

CLAIM

1. The Plaintiff, Shameka Martin, claims:
 - (a) general damages in the amount of \$450,000.00;
 - (b) special damages in the amount of \$2,500,000.00;
 - (c) prejudgement interest pursuant to *The Courts of Justice Act*, R.S.O. 1990, chapter C.43, as amended;
 - (d) her costs of this action on a substantial indemnity basis plus HST; and,
 - (e) such further and other relief as this Honourable Court may deem just and expedient.

2. The Plaintiff, Annette Martin, claims:
 - (a) damages in the amount of \$150,000.00 pursuant to the provisions of the *Family Law Act*, R.S.O. 1990, c.F3, as amended;
 - (b) pre-judgment and post-judgment interest pursuant to the provisions of the *The Courts of Justice Act*, R.S.O. 1990, chapter C.43, as amended;
 - (c) their costs of this action on a substantial indemnity basis; and,
 - (d) such further and other relief as this Honourable Court may deem just.

3. The Plaintiff, Shameka Martin (“Plaintiff, Shameka”), resides in the City of Toronto in the Province of Ontario.

4. The Plaintiff, Annette Martin (“Plaintiff, Annette”), is the mother of the Plaintiff, Shameka, and resides in the City of Toronto, in the Province of Ontario. The Plaintiff, Annette, brings her action pursuant to the provisions of the *Family Law Act*, R. S. O., 1990, c.F3, as amended.

5. The Defendant, 2626725 Ontario Inc. operating as The Pint Public House, (“Defendant, The Pint”), is a corporation incorporated pursuant to the laws of the Province of Ontario. At all material times, it operated a restaurant/ bar/ pub licensed to carry on business as such under the laws of the Province of Ontario, and at all material times carried on the operation of a restaurant and bar business at 277 Front Street West, Toronto, Ontario (“the premises”), which included selling and serving alcoholic beverages to the general public.
6. The Defendant, Growwise Health Limited (“Defendant, Growwise Health”), is a corporation incorporated pursuant to the laws of the Province of Ontario, and at all material times was the employer of the Plaintiff, Shameka.
7. The Defendant, Althea Health Inc. (“Defendant, Althea Health”), is a corporation incorporated pursuant to the laws of the Province of Ontario and was at all material times owned the Defendant, Growwise Health, and was also the employer of the Plaintiff, Shameka together with the Defendant, Growwise Health.
8. The Defendant, John/Jane Doe Management (“Defendant, Manager”), at all material times occupied a management/supervisor position with the Defendant, The Pint. The Defendant, Manager was responsible for the day-to-day operations, including training, supervision, and monitoring of the employees and agents of the Defendant, The Pint.
9. The Defendant, John/ Jane Doe Bartender/Server, (“Defendant, Jane Doe”) was at all material times an employee, servant and/or agent employed by the Defendant, The Pint, as a bartender and/ or server and served alcohol to the Plaintiff, Shameka.
10. At all material times, the Defendant, The Pint, was the occupier of the premises within the meaning of the *Occupiers’ Liability Act*, R.S.O. 1990 c. O.2, and through its agents, servants and employees, had the care, control, management, maintenance of the premises, and carried on the business of selling alcoholic beverages to the public. The Defendant, The Pint, was at all material times the holder of a license issued under the *Liquor License Act*, R.S.O. 1990, c.L19, as amended.

11. On or about June 9, 2019, the Plaintiff, Shameka attended at the premises of the Defendant, The Pint, at the invitation of her boss/ colleague, Robert, who was the Head of Education with the Defendant, Growwise and/or the Defendant, Althea Health (“the employer”), at the time, together with their r colleague, Ron, following the conclusion of a Lift & Co. Expo tradeshow at the Toronto Convention Center where the employer had a booth and the three represented the employer’s business. Following the conclusion of the tradeshow, the Plaintiff, Shameka and Ron were invited by Robert to have a drink to celebrate the successful representation of the employer during the tradeshow, where the Defendant, Jane Doe and/ or John Doe, the employees of the Defendant, The Pint served and sold liquor to the Plaintiff, Shameka, until she became intoxicated and her ability to operate a motor vehicle was impaired.
12. On or about June 9, 2019, at approximately 6: 12 p.m., after leaving the premises of the Defendant, The Pint, the Plaintiff, Shameka was involved in an accident as she was travelling on the South Kingsway off ramp from the Gardiner Expressway in the City of Toronto, in the Province of Ontario, when suddenly and without warning, the Plaintiff, Shameka, lost control of the vehicle, struck the curb, mounted the sidewalk and rolled onto its side and then slid along the concrete wall and sidewalk before rolling onto its wheels onto the roadway (“the accident”).
13. The Plaintiff, Shameka, suffered severe and permanent injuries causing catastrophic impairment as a result of the accident. She was hospitalized following the accident and approximately 3 months later charged with impaired driving and subsequently convicted.
14. The accident was caused as a result of the joint and several negligence of the Defendants, the particulars of which are as follows:
- A. As against the Defendant, Growwise Health and the Defendant, Althea Health;**
- (a) They invited and encouraged the Plaintiff, Shameka to consume alcohol;

- (b) They failed to educate and instruct their employees with respect to alcohol consumption following work related activities;
- (c) They failed to have in place education, policies, procedures regarding alcohol use and consumption during and after work related events;
- (d) They created an environment where employees such as the Plaintiff, Shameka were required to participate in activities that would encourage consumption of alcohol;
- (e) They failed to provide safe transportation to and from work related activities;
- (f) They created an unsafe environment for the Plaintiff, Shameka;
- (g) They allowed the Plaintiff, Shameka, to be served alcohol when they knew or ought to have known that she was impaired and /or intoxicated and would soon operate her motor vehicle;
- (h) They permitted the Plaintiff, Shameka, to leave the licensed premises in an impaired and/or intoxicated condition, lacking in the ability to operate a motor vehicle with normal care and attention, and they should have prevented her from doing so; and
- (i) Such further and other allegations that are within the knowledge of these defendants.

B. As against the Defendant, The Pint and the Agents, Servants and Employees of this Defendant:

- (a) They invited and encouraged the Plaintiff, Shameka to consume alcohol;
- (b) They permitted the Plaintiff, Shameka, to consume alcohol in such quantity over such a period of time that she became impaired in violation of the law and the terms of their license to serve alcohol;
- (c) They continued to serve liquor to the Plaintiff, Shameka, when they knew or ought to have known that she was impaired and /or intoxicated and would soon operate her motor vehicle;

- (d) They permitted the Plaintiff, Shameka, to leave the licensed premises in an impaired and/or intoxicated condition, lacking in the ability to operate a motor vehicle with normal care and attention, and they should have prevented her from doing so;
- (e) They failed to have an adequate number of employees, servants or agents working on the dates of the accident, given the number of customers;
- (f) They failed to train their employees, servants or agents properly or at all regarding the service of alcohol;
- (g) They failed to instruct properly or at all their staff in the responsible service of liquor and in the importance of monitoring patron's alcohol consumption;
- (h) They failed to ensure that all staff members had completed the Smart Serve Program;
- (i) They failed to have proper policies and procedures in place regarding the service of alcohol;
- (j) They failed to instruct their employees, servants or agents not to sell, supply or prevent alcohol to be consumed by the Plaintiff, Shameka, when they knew or ought to have known that she was intoxicated and the provision of further alcohol consumption would foreseeably cause injury to herself or others;
- (k) They employed incompetent employees, servants or agents;
- (l) They fostered an atmosphere where drinking was encouraged;
- (m) They fostered an atmosphere where drinking alcohol and over-service was encouraged in an effort to make more money;
- (n) They conducted business in such a way that made it impossible for staff to monitor their customers' liquor consumption;
- (o) They failed to supervise their customers properly or at all;
- (p) They failed to make any or adequate attempts to terminate the serving of alcoholic beverages to the Plaintiff, Shameka, when they knew or ought to have known that the quantity of alcohol being consumed was likely to impair her judgment;
- (q) They permitted and continued to permit the Plaintiff, Shameka, to consume alcohol when she was under or apparently under the influence of alcohol;
- (r) They failed to monitor the Plaintiff, Shameka's consumption of alcohol properly, or at all;

- (s) They failed to make any effort to safeguard the Plaintiff, Shameka's safety, having allowed her to become intoxicated on their premises;
- (t) They continued to serve the Plaintiff, Shameka, with alcohol when they knew or ought to have known that he was intoxicated;
- (u) They permitted the Plaintiff, Shameka, to consume alcoholic beverages to excess on their premises, knowing that she was likely to drive her vehicle home;
- (v) They continued to serve alcoholic beverages to the Plaintiff, Shameka, even though she was clearly and visibly intoxicated;
- (w) They failed to arrange alternate transportation for the Plaintiff, Shameka, when they knew or ought to have known this was necessary under the circumstances; and
- (x) They had the last clear chance to prevent the Plaintiff, Shameka, from operating her motor vehicle when she was visibly intoxicated and where it would reasonably be assumed that she would constitute a danger to herself and other users of the highway in her impaired state.

15. The Plaintiffs plead and rely upon sections 29, 30, and 39 of the *Liquor License Act*, R.S.O., 1990, L.19, as amended, and in this regard the Plaintiffs plead that the Defendants breached their statutory duty to the Plaintiffs.

16. The Plaintiffs further plead that the Defendants were "occupiers" of the Premises within the meaning of the *Occupiers' Liability Act*, R.S.O. 1990, c.O.2, as amended.

17. The Plaintiffs plead that the Defendants failed to take such care for the safety of the Plaintiff, Shameka, as was reasonable in all the circumstances of the case, contrary to the provisions of the *Occupiers' Liability Act*, R.S.O. 1990, c. O.2, as amended and the *Negligence Act*, R.S.O. 1990, c.N.1, as amended.

18. By reason of the Defendants' negligence, the Plaintiff, Shameka, sustained severe external and internal injuries, more particularly and without limiting the generality of the foregoing, fractures and skin burns. As a result of these injuries, she experiences ongoing physical pain, sleep difficulties, and significant cognitive and emotional problems. As a further result of her injuries, the Plaintiff, Shameka, has had to submit to x-rays, CT-scans, MRIs,

had to undergo various treatment interventions such as physiotherapy, various medications, and hospitalizations. These injuries have been accompanied by great pain, suffering and profound physical and emotional shock, depression and social isolation. The Plaintiff, Shameka's enjoyment of life and her ability to continue to work and earn her livelihood has been and remains permanently impaired.

19. As a further result of her injuries, the Plaintiff, Shameka, has been unable to work and her competitive position in the workforce has been compromised so that her injuries constitute an occupational hazard. Furthermore, as a result of the injuries she sustained in this accident, she has been occupationally disadvantaged and her chances of obtaining promotions have been decreased.
20. In addition, the Plaintiffs have been put to medical, hospital and other out-of-pocket expenses, the full details of which are not available at the time of delivery of this Statement of Claim; however, the Plaintiffs undertake to provide the full particulars of the out-of-pocket expenses claimed, prior to the trial of this action.
21. As a further result of the negligence of the Defendants, the Plaintiff, Annette, claims damages pursuant to the provisions of the *Family Law Act*, R.S.O. 1990, c. F.3, for pecuniary loss and damages resulting from the injuries sustained by the Plaintiff, Shameka, including the actual out of pocket expenses incurred, the provision of nursing, housekeeping, attendant care expenses or other services provided to the Plaintiff, Shameka. The Plaintiff, Annette has sustained a loss of guidance, care and companionship that she may reasonably have expected to receive from the Plaintiff, Shameka, if she had not been injured.
22. The Plaintiffs plead and rely upon the provisions of the the *Occupier's Liability Act*, R.S.O. 1990, c.O.2 as amended, the *Negligence Act*, R.S.O. 1990, c.N.1, as amended, the *Insurance Act*, R.S.O. 1990, c.I.8, as amended, the *Family Law Act*, R.S.O., as amended, the *Occupier's Liability Act*, R.S.O. 1990, c.O.2 as amended, the *Insurance Act*, R.S.O. 1990, c.I.8, as amended, and the *Liquor Licence Act*, R.S.O. 1990, c. L.19, as amended. The Plaintiffs further plead and rely on O. Reg. 73/20: LIMITATION PERIODS under *Reopening Ontario (A Flexible Response to COVID-19) Act, 2020, S.O. 2020, c. 17.* formerly under

Emergency Management and Civil Protection Act. The Plaintiffs also plead and rely on the discoverability principles under section 5 of the *Limitations Act, 2002*.

23. The Plaintiffs propose that this action be tried at the City of Toronto.

Date:

SOKOLOFF LAWYERS

Barristers & Solicitors

120 Scollard Street

Toronto, Ontario

M5R 1G2

WENDY H. SOKOLOFF

L.S.U.C No.: 29687A

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Lawyers for the Plaintiffs

2626725 ONTARIO INC. ope
Defendants

Court File No./N° du dossier du greffe: CV-21-00673315-0000

Court File No.:

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at TORONTO

STATEMENT OF CLAIM

SOKOLOFF LAWYERS

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Fax: (416) 966-8865

Lawyers for the Plaintiffs

This is Exhibit “EEE” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han". The signature is fluid and cursive, with a large initial 'S' and a long, sweeping tail.

Commissioner for Taking Affidavits



Electronically issued : 14-Mar-2022
Délivré par voie électronique : 14-Mar-2022
Toronto

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

(Court Seal)

WELLBEING DIGITAL SCIENCES INC.

Plaintiff

and

ALEAFIA HEALTH INC., CANABO MEDICAL CORPORATION, and
GROWWISE HEALTH LIMITED

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANTS

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff.
The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date _____ Issued by _____
Local Registrar

Address of court office: Ontario Superior Court of Justice
330 University Avenue
Toronto, ON
M5G 1R7

TO: ALEAFIA HEALTH INC.
85 Basaltic Rd
Concord, ON
L4K 1G4

AND TO: CANABO MEDICAL CORPORATION
8810 Jane Street, 2nd Floor
Vaughan, Ontario
L4K 2M9

AND TO: GROWWISE HEALTH LIMITED
85 Basaltic Rd
Concord, ON
L4K 1G4

CLAIM

1. The Plaintiff, Wellbeing Digital Sciences Inc. (“**Wellbeing**”), claims as against the Defendants, Aleafia Health Inc. (“**Aleafia**”), Canabo Medical Corporation (“**Canabo**”), and GrowWise Health Limited (“**GrowWise**”) (together, the “**Parties**”), jointly and severally:

- (a) damages for breach of contract, breach of representations and negligent misrepresentation in the amount of \$2,000,000.00 and other economic loss in amounts yet to be determined, the particulars of which will be provided prior to trial;
- (b) damages for breach of duty of good faith and honesty in contractual performance in the amount of \$500,000.00, or such other amount as may be proven at trial;
- (c) further, or in the alternative, damages in an amount to be particularized before trial for unjust enrichment;
- (d) a declaration that the Disputed Charges (as defined below) are not owed by the Plaintiff to any of the Defendants;
- (e) a declaration that Canabo and GrowWise are in breach of the APA (as defined below);
- (f) a declaration that Canabo and GrowWise are in breach of the Licence Agreement (as defined below);
- (g) aggravated, exemplary, and punitive damages in the sum of \$500,000.00;

- (h) pre-judgment interest in accordance with section 128 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
- (i) post-judgment interest in accordance with section 129 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
- (j) the costs of this proceeding on a substantial indemnity basis, plus all applicable taxes; and
- (k) such further and other relief as to this Honourable Court may deem just.

THE PARTIES

2. The Plaintiff, Wellbeing, formerly known as Myconic Capital Corp. (“**Myconic**”), is a corporation incorporated pursuant to the laws of British Columbia with its registered head office in Vancouver, British Columbia. Wellbeing is a wellness company focused on ketamine assisted therapy, digital therapeutics, and psychedelic medicines. Wellbeing is a North American leader in mental health treatment. Wellbeing operates healthcare clinics across Canada and the United States.

3. The Defendant, Aleafia, is a corporation incorporated pursuant to the laws of Ontario with its registered head office in Concord, Ontario. Aleafia provides medical cannabis care through nationwide clinics, distribution facilities, and research.

4. The Defendant, Canabo, is a corporation incorporated pursuant to the federal laws of Canada with its registered head office in Vaughan, Ontario. Canabo provides a variety of services

across a network of cannabis health and wellness providers, including Canabo's nationwide network of cannabis clinics. Canabo is a wholly owned subsidiary of Aleafia.

5. The Defendant, GrowWise is a corporation incorporated pursuant to the laws of Ontario with its registered head office in Concord, Ontario. GrowWise provides patients and healthcare providers with personalized education about medical cannabis treatments. GrowWise is a wholly owned subsidiary of Aleafia.

6. Prior to the APA, defined below, Canabo and GrowWise carried on the operation of medical clinics (the "**Clinics**" and each a "**Clinic**") for evaluating the suitability of, and prescribing and monitoring treatments of, and offering education in respect of cannabinoid and synthetic cannabinoid and related medical research and studies (the "**Business**").

THE RELEVANT AGREEMENTS

a. The Asset Purchase Agreement

7. In or about December 2020, Myconic, Canabo, and GrowWise (the "**Contracting Parties**") contemplated entering into an asset purchase agreement whereby Myconic would acquire certain assets relating to the Business, including specifically the operation of the Clinics. Together, Canabo and GrowWise will hereinafter be referred to collectively as the "**Vendors**".

8. As part of the negotiations surrounding the contemplated transaction, the Defendants provided Myconic with certain historical financial data together with related documentation (the "**Financial Disclosures**"). The Defendants represented that the Financial Disclosures fairly presented the financial condition and operating results of the Vendors as of the dates, and for the periods, indicated therein. The Defendants further represented there had been no material adverse

change in the financial position provided for in the Financial Disclosures. In fact, in the course of the negotiations, Aleafia's Chief Financial Officer advised that the expenses reflected in the Financial Disclosures were based on all Clinics being open, and that there would be cost savings going forward in light of the closure of Clinics related to government-mandated COVID protocols.

9. In addition to the Financial Disclosures, the Defendants represented that:

- (a) the largest projected source of revenue for the Clinics was a ketamine-based treatment for clinical depression (the "**Ketamine Representations**"); and
- (b) at least three of the Clinics (and the doctors at those Clinics) had been certified by the product manufacturer, Janssen Pharmaceuticals ("**Janssen**"), to administer its ketamine-based antidepressant, Spravato (the "**Spravato Representations**").

10. Myconic relied on the accuracy of the Financial Disclosures, the Ketamine Representations and the Spravato Representations, and those representations formed the basis of Myconic's valuation of the Business. As such, the representations made by Aleafia, Canabo and GrowWise were all material inducements that led Myconic to enter into the contemplated transactions.

11. On or about April 30, 2021, Myconic, Canabo and GrowWise entered into an Asset Purchase Agreement (the "**APA**") to facilitate and carry out the contemplated transaction (the "**Transaction**"). At all material times during and after the Contracting Parties entered into the APA, Aleafia was directly involved and in the process and was the primary party negotiating on behalf of its wholly-owned subsidiaries, the Vendors. The purchase price was \$10,500,000.00, paid and satisfied by the issuance of 7,000,000 common shares in the capital of Wellbeing at a

price of \$1.50 per common share (the “**Purchase Price**”). The closing date of the APA was April 30, 2021 (the “**Closing Date**”).

12. In the APA, the Vendors made certain representations, warranties, and covenants, including, among others, the following:

- (a) Article 2.1 acknowledges Myconic, or the “**Purchaser**”, relies on the accuracy of each representation and warranty made by the Vendors in connection with the Transaction. Pursuant to Article 2.1, the Vendors represent and warrant to the Purchaser:

[a]s a material inducement to the Purchaser entering into [the APA] and completing the transactions contemplated by [the APA] and acknowledging that the Purchaser is entering into this Agreement **in reliance upon the representations and warranties set out in this Section 2.1.** [Emphasis added.]

- (b) Article 2.1(4) contemplated, among other things, the Financial Disclosures. Namely, pursuant to Article 2.1(4) (Books and Records) the Vendors:

...made available to the Purchaser all books and records material to the operation of the Business, including all books of account and other financial data and information and all business records and information, whether in paper form or stored electronically, digitally or on computer-related media. All material financial transactions of the Business have been **accurately recorded** in the financial records of the Business in accordance with **sound business and financial practice** and such financial records **accurately reflect the basis for the financial condition and the revenues, expenses and results of operations of the Business as of and to the date hereof.** [Emphasis added],

(the “**Books and Records Representation**”). In Schedule 1.0 of the APA, “Business” is defined as:

the business carried on at the Clinics being the operation of medical clinics for evaluating the suitability of, and prescribing and monitoring treatments of, and offering education in respect of, cannabinoid and synthetic cannabinoid products and related medical research and studies.

- (c) Pursuant to Article 3.2, which sets out the “Purchaser’s Conditions”, subsection (1), the “representations and warranties of the Vendors in Section 2.1 shall be true and correct at the Closing [Date].”

13. The Contracting Parties recognized Articles 2.1 and 3.2 in their entirety as fundamental to the Transaction and execution of the APA.

14. A further implied term of the APA was that the Contracting Parties would exercise their rights and perform their obligations under the APA honestly, fairly, and in good faith.

b. The Licence Agreement

15. On or about May 10, 2021, in connection to the APA, the Contracting Parties entered into a Clinic Services and Licence Agreement (the “**Licence Agreement**”). As with the APA, at all material times during and after the Contracting Parties entered into the Licence Agreement, Aleafia was directly involved and in the process and was the primary party negotiating on behalf of its wholly-owned subsidiaries, the Vendors.

16. The Licence Agreement provides, *inter alia*, the following:

- (a) Pursuant to Article 2.1, Myconic engaged Canabo to be the exclusive provider of Education Services during the Term. The Licence Agreement defines Education Services as “substantially similar to those patient education and consultation services that Canabo provided at the Clinics prior to the effective date of the APA.”

Canabo agreed to perform the Education Services in accordance with good business practices and industry standards at all times during the term of the Licence Agreement.

- (b) Pursuant to Article 3.1, Myconic granted Canabo the exclusive right and licence to use and access each Clinic and the non-exclusive right and licence to use the applicable Additional Areas and Facilities (collectively, the “**Clinic Licences**”). The Licence Agreement defines Additional Areas and Facilities as “in respect of each Clinic, means those: (a) additional areas reasonably necessary to facilitate the use and access of the Clinic by Canabo and the Personnel (such as parking facilities, entrances/exits, stairwells, corridors, and washrooms); and (b) utilities, facilities, equipment (including the Equipment) and other items reasonably necessary in connection with Canabo and the Personnel’s use of such Clinic.”
- (c) Pursuant to Article 3.3(2), Canabo agreed to have “sole responsibility for the direction and any evaluation of the Medical and Related Services rendered” and to have “ultimate authority and responsibility for hiring, compensation, supervision, evaluation and termination of its Personnel, and for establishing their practice and work schedules.” The Licence Agreement defined Medical and Related Services as “the provision by Doctors and, where applicable, Non-Doctor Practitioners, of professional medical and related services relating to medical cannabis during the Term and any additional services as agreed by the Parties from time to time.”
- (d) Pursuant to Article 4.2, in consideration of Canabo’s provision of the Education Services, Myconic agreed to pay Canabo a monthly fee (the “**Education Fee**”). The

Licence Agreement defines the Education Fee as all “overhead’ costs” incurred by Canabo in the provision of the Education Services, plus 5%. Many of these overhead costs were reflected in the Financial Disclosures provided to Myconic in advance of entering into the APA and Licence Agreement.

- (e) Pursuant to Article 8.2, Myconic is entitled to terminate the Licence Agreement by way of written notice to Canabo “in the event Canabo materially defaults in the performance of any duty or obligation imposed upon it by [the Licence] Agreement, and such default shall have continued for a period of ninety (90) days” after the written notice is provided to Canabo.

17. A further implied term of the Licence Agreement was that the Contracting Parties would exercise their rights and perform their obligations under the Licence Agreement honestly, fairly, and in good faith.

THE NOTICE OF DEFAULT

18. On December 2, 2021, Aleafia delivered a Notice of Default with respect to the APA and the Licence Agreement (together, the “**Agreements**”) claiming Wellbeing is in default of its obligations under the Agreements (the “**Notice**”). Prior to sending the Notice, Aleafia had, between May and November 2021, delivered various invoices to Wellbeing with respect to the Education Fee (the “**Invoices**”).

19. In the Notice, Aleafia erroneously claims, *inter alia*, that Wellbeing owes Aleafia a total of \$641,284.52 for the period ending October 31, 2021, all from the alleged expenses outlined in

the Invoices (the “**Claimed Amount**”). The Claimed Amount from the Invoices includes numerous irregularities, including unjustifiable and inflated fees, as well as duplicated expenses.

20. On February 17, 2022, counsel for Wellbeing responded to the Notice, claiming, *inter alia*, that it is the Defendants who are in breach of their respective obligations under the Agreements, as further particularized herein.

THE DEFENDANTS’ CONTRACTUAL BREACHES AND MISREPRESENTATIONS

21. The Defendants have breached their obligations to Wellbeing, as particularized below. Specifically, in the months after entering into the APA and Licence Agreement (collectively, the “**Agreements**”), Wellbeing discovered that the Defendants made certain misrepresentations and breached other warranties and covenants in the Agreements by providing misleading Financial Disclosures, purporting to charge erroneous Education Fees, and breaching the Ketamine Representations and the Spravato Representations.

a. Numerous Billing Irregularities

22. Upon close review of the Invoices and reviewing the amounts claimed by Aleafia in the Notice, Wellbeing identified many inaccurate, unjustified, or repetitious charges. More specifically:

- (a) The Invoices listed “Rent and Facilities” as a line item. However, in the Notice, Aleafia similarly demanded some of these same lease payments with respect to certain Clinics located in Barrie and St. Johns. This demand amounted to a double accounting of the same charges. Further, in the July 2021 invoice under rent, Aleafia purported to charge \$15,122.16 in adjustments for past rent, including the

period before the APA closed, despite there being no basis in the APA or Licence Agreement for charging costs incurred by the Defendants prior to closing.

- (b) The Invoices reflected “Marketing” costs as a significant recurring expense. However, the Financial Disclosures did not include any such marketing costs. The Defendants provided no explanation as to why these costs appeared only after entering into the APA, particularly since there had been no change in operations that would result in a rise in these expenses (other than there being closures of numerous Clinics due to COVID restrictions).
- (c) The Invoices contained recurring charges for “Audit Fees”. As with the marketing costs, the Financial Disclosures did not include costs for audit fees. Moreover, the Defendants never provided Wellbeing with the results of any such audits.
- (d) The Invoices contained significant recurring “Consulting Fees”, which was contrary to express representation made by Aleafia prior to closing that the consulting fees in 2020 were largely non-recurring (relating to advisory, audit and legal) and could be removed for the 2021 cash flow analysis.
- (e) The Invoices included directors and officers insurance (“**D&O Insurance**”), despite the fact that D&O Insurance is entirely independent from the overhead costs for operating the Clinics. Wellbeing pleads and the fact is that insurance for the senior executives of Aleafia, Canabo or GrowWise relate to the Defendants’ own corporate operations, and has nothing to do with the provision of Education Services as defined in the Licence Agreement. Further, none of these insurance costs were presented in the Financial Disclosures.

(f) The Invoices included line items for “Travel, Meals and Entertainment”, despite there being no explanation of how, in the midst of the COVID-related closures of Clinics, there was any reasonable basis for incurring such costs.

23. The foregoing amounts are collectively referred to herein as the “**Disputed Expenses**”.

24. Wellbeing denies it owes any of the Defendants any of the Disputed Expenses.

b. The Ketamine Representations and the Spravato Representations

25. As noted above, prior to entering into the APA, Aleafia represented that Spravato was projected to be the largest source of revenue for the Clinics. Among other things, Aleafia advised Myconic that:

(a) Aleafia had already secured a relationship with Janssen to dispense Spravato in a clinic setting;

(b) Janssen had a special program for doctors and nurses called the “Janssen Journey Program”, which is required to be taken before Spravato can be administered, and that six doctors and nurses in the clinics were trained;

(c) Janssen had provided training and supplies and had inspected and approved three of the Clinics; and

(d) Aleafia had not “scripted” Spravato due to COVID-related restrictions.

26. Aleafia’s representation as to its ability to administer Spravato was a material inducement to Wellbeing in entering to the APA and Licence Agreement. The explanation for why Spravato had not at that time been administered was also a key representation.

27. Pursuant to Article 3.3(2) of the Licence Agreement, Canabo had the sole responsibility for the direction and any evaluation of the Medical and Related Services rendered pursuant to the Licence Agreement.

28. Despite these representations and obligations, only *after* Wellbeing entered into the APA did Aleafia advise – for the first time – that the cost, staffing and infrastructure required to offer Spravato treatments was prohibitive and would not be profitable. This admission stood in stark contrast to the representations made by Aleafia before entering into the APA as to the viability of the treatments.

29. To date, Aleafia has failed to secure a *single* patient or generate *any* revenue related to Spravato. Yet, after entering into the APA and Licence Agreement, Aleafia continued spending money on marketing Spravato (which costs were charged back to Wellbeing, as described above).

30. This was a significant misrepresentation that has led to an inflated price to Wellbeing for entering into the APA.

c. The Employment of Keith White

31. After entering into the APA, Wellbeing hired previous Aleafia employee, Keith White (“**Mr. White**”), as the President of Clinics for Wellbeing. In this position, Mr. White was responsible for, *inter alia*, the profitability of the Clinics.

32. Upon receipt of the Notice on December 2, 2021, Wellbeing discovered that Aleafia had formally engaged Mr. White as a consultant on a three-month contract *after* Mr. White was engaged with Wellbeing.

33. In his consulting capacity for Aleafia, Mr. White was similarly charged with monitoring Clinic costs (including approving the Invoices), improving efficiencies, and deciding Clinic locations, which put Mr. White in a clear conflict of his duties to Wellbeing. Aleafia did this knowingly, and without regard to the issues this created for Wellbeing.

34. Further, Wellbeing has discovered Aleafia charged Wellbeing for the cost of retaining Mr. White, for a total of \$11,300, which corresponds to the consulting fee that Aleafia was paying Mr. White – namely, \$5,000 per month plus HST.

MISREPRESENTATIONS AND BREACH OF DUTY OF HONEST PERFORMANCE

35. Wellbeing further pleads that the Defendants are in breach of their duty to act in good faith with respect to the Agreements. At all material times, the Defendants owed the a duty to Wellbeing to act in good faith, including a duty of honest performance, requiring the Defendants to be honest and diligent in relation to the performance of their contractual obligations.

36. The Defendants ought to have taken all measures and precautions to ensure that the Plaintiff received full and accurate disclosure of all financial, operation, and other information relating to the Business (as defined in the APA).

37. The Defendants knew or ought to have known that the Plaintiff would reasonably expect that the Financial Disclosures, Books and Records Representations, the Ketamine Representations and the Spravato Representations would be accurate. The Defendants, by virtue of their positions, possessed specialized knowledge regarding the Clinics, their business, and the accuracy (or lack thereof) of the Financial Disclosures.

38. The Defendants made these representations, which were false and known by the Defendants to be false, intentionally and with the knowledge that the Plaintiff was relying on these representations for the purpose of the Agreements, or, in the alternative, negligently. The Defendants further knew, or ought to have known, that the Plaintiff would rely on the Defendants' representations and that their misconduct would cause the Plaintiff loss of income.

39. In addition, as particularized above, unbeknownst to Wellbeing, the Defendants improperly engaged Mr. White – placing Mr. White in a clear conflict of interest.

40. Accordingly, the Defendants:

- (a) failed to act in good faith and in the best interests of Wellbeing;
- (b) failed to exercise reasonable care, skill, and judgment in the Financial Disclosures provided to Wellbeing with respect to each the APA and the Licence Agreement;
- (c) failed to disclosure all material information relating to the Purchase Price and the Agreements; and/or
- (d) failed to provide an honest and fair statement of the facts required to determine the Purchase Price,

and have accordingly are in breach of their duty to act in good faith to Wellbeing.

UNJUST ENRICHMENT

41. To the extent that the Defendants are not liable under contract or tort to the Plaintiff, as particularized above (which is not admitted but expressly denied), then in the alternative, the Defendants are liable to the Plaintiff for unjust enrichment.

42. Specifically, the Defendants have been unjustly enriched as a result of receiving the benefit of the full Purchase Price while the Plaintiff has suffered a corresponding deprivation for which there is no juristic reason.

43. Further, at the same time the Plaintiff has suffered a significant shortfall in the performance of the Clinics, Aleafia has nonetheless reported Q1 2021 financial results reflecting a 103% increase from 2020. The Plaintiff pleads, and the fact is that, Aleafia has used the shifting of operating costs to Wellbeing Digital to assist in reducing Aleafia's own operating expenses for its virtual, physical and third-party clinic operations.

44. As a result, Aleafia has enjoyed an enrichment while Wellbeing Digital has suffered a corresponding deprivation, for which there is also no juristic reason.

DAMAGES

45. By the aforementioned reasons, including breaches of contract and representations, negligent misrepresentation, breach of duty of good faith, and/or unjust enrichment, Wellbeing has been greatly injured and has suffered loss and damage in addition to being put to considerable trouble, inconvenience, and expense, including, but not limited to:

- (a) significant overpayment in the Purchase Price;
- (b) substantial investment loss;
- (c) loss of income;

- (d) costs, expenses, legal fees and other damages arising from the identified breaches herein; and
- (e) other consequential losses as detailed herein,

the particulars of which will be provided prior to trial.

46. Further, in addition to the above damages, the Purchaser has suffered opportunity costs as a result of having been deprived of the use of the above overpayment amounts, in amounts to be proven at trial, and has thereby suffered losses, costs or damages in this amount.

47. The conduct of the Defendants as pleaded herein, has been highhanded and for the sole purpose of harming the Plaintiff. The Plaintiff accordingly claims it is entitled to punitive, or in the alternative, exemplary and aggravated, damages.

48. The Plaintiff is, accordingly, entitled to the relief sought in the within claim.

49. The Plaintiff proposes that this action be tried at Toronto, Ontario.

March 14, 2022

COZEN O'CONNOR LLP

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Lawyers for the Plaintiff,
Wellbeing Digital Sciences Inc.

WELLBEING DIGITAL SCIENCES INC.

Plaintiff

-and-

ALEAFIA HEALTH INC., CANABO MEDICAL CORPORATION, and GROWWISE HEALTH LIMITED
Defendants

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

STATEMENT OF CLAIM

COZEN O'CONNOR LLP

Bay Adelaide Centre, East Tower
22 Adelaide Street West, Suite 2730
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shardy@cozen.com

Daniel Fiorita LSO# 54258U

Tel: 416-639-6695
dfiorita@cozen.com

Lawyers for the Plaintiff, Wellbeing Digital Sciences Inc.

This is Exhibit “FFF” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.



Commissioner for Taking Affidavits

Aleafia Health Announces Amendments to Credit Facility and Strategic Review Process

TORONTO, May 25, 2023 -- Aleafia Health Inc. (TSX: AH, OTCQB: ALEAF) (“**Aleafia Health**” or the “**Company**”) announces that the Company has entered into an amendment to the terms of the loan agreement with NE SPC II LP (“**NE SPC**”) dated as of December 24, 2021 and as previously amended by agreements dated March 28, 2022 and June 17, 2022 (the “**Loan Agreement**”).

While the original Loan Agreement provided that the indebtedness owed to NE SPC could be made payable on demand, NE SPC has agreed in the amendment (the “**Amendment**”) to forbear on enforcing the Loan Agreement until the earlier of (a) an event of default, or (b) May 31, 2023. The amended terms also provide for additional circumstances that would constitute an event of default as well as additional covenants imposed on the Company including an obligation to repay the entire balance owing under the Loan Agreement in certain circumstances. The Company is currently in breach of certain financial covenants under the Loan Agreement.

In connection with the Amendment, and in anticipation of the May 31, 2023 deadline, disinterested members of the Company’s board of directors (the “**Committee**”) have commenced a strategic review process (the “**Strategic Review Process**”) to explore and evaluate potential strategic alternatives that may be available to the Company with the goal of maximizing value for Aleafia Health shareholders (the “**Shareholders**”) and other stakeholders of the Company. These alternatives may include, but are not limited to, the refinancing of the indebtedness under the Loan Agreement, a sale of all or a portion of the assets of the Company, a sale of all or a portion of the common shares of the Company, a business combination transaction, new debt or equity financings or refinancings, a strategic investment in the Company or other strategic transaction structure (each, a “**Potential Transaction**”).

The Committee is leading the process and will manage any expressions of interest related to any Potential Transaction and will work with professional advisors to assess the fairness of any Potential Transaction to Shareholders and other stakeholders and make recommendations to the Board in respect of all such matters.

No decisions relating to any specific Potential Transaction have been made as at the date of this news release and there are no assurances that any Potential Transaction will result from the Strategic Review Process by May 31, 2023, or at all. The Company does not intend to comment further with respect to the Strategic Review Process unless and until it determines that additional disclosure is appropriate in the circumstances and in accordance with applicable securities laws.

For Investor & Media Relations

Matthew Sale, CFO

IR@Aleafiahealth.com

LEARN MORE: www.AleafiaHealth.com

About Aleafia Health:

The Company is a federally licensed Canadian cannabis company offering cannabis products in Canadian adult-use and medical markets and in select international markets, including Australia and Germany. The Company operates a virtual medical cannabis clinic staffed by physicians and nurse practitioners which provide health and wellness services across Canada.

The Company owns three licensed cannabis production facilities and operates a strategically located distribution centre all in the province of Ontario, including the largest, outdoor cannabis cultivation facility in Canada. The Company produces a diverse portfolio of cannabis and cannabis derivative products including dried flower, pre-roll, milled, vapes, oils, capsules, edibles, sublingual strips and topicals.

Cautionary Note Regarding Forward-Looking Statements

Certain statements herein relating to the Company constitute “forward-looking information” within the meaning of applicable securities laws. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate to, among other things, statements regarding: the potential results and timing of the Strategic Review Process, the ability of the Company to maximize value for Shareholders and other stakeholders and the potential structure and timing of one or more Potential Transactions. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those

expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; the inability of the Company to obtain adequate financing; the delay or failure to receive regulatory approvals; and other factors discussed in the Company's filings, available on the SEDAR website at www.sedar.com. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, the Company assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.

This is Exhibit “GGG” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Kinn".

Commissioner for Taking Affidavits

FIRST AMENDED AND RESTATED ACCOMMODATION AGREEMENT

THIS AGREEMENT is made as of the 15th day of May, 2023 (the “**Effective Date**”),

BETWEEN:

**NE SPC II LP
 (“NE SPC II”)**

– and –

**ALEAFIA HEALTH INC., EMBLEM CANNABIS CORPORATION and ALEAFIA FARMS INC.
 (collectively, the “Borrowers”)**

– and –

**EMBLEM CORP., CANABO MEDICAL CORPORATION and ALEAFIA INC.
 (collectively, the “Guarantors”)**

RECITALS:

- A. Pursuant to a Loan Agreement dated as of December 24, 2021, as amended by agreements dated March 28, 2022 and June 17, 2022 (collectively, the “**Loan Agreement**”), NE SPC II made the Loan available to the Borrowers.
- B. The Borrowers and the Guarantors (collectively, the “**Credit Parties**”, and individually, a “**Credit Party**”) executed and delivered to NE SPC II various agreements as security for the indebtedness and other obligations and liabilities owed by the Borrowers to NE SPC II (collectively, the “**Security**”).
- C. At the request of the Credit Parties, NE SPC II agreed to (i) provide various accommodations to the Borrowers; and (ii) forbear from enforcing the Security Documents to provide the Borrowers additional time to repay their indebtedness to NE SPC II, subject to and in accordance with the terms of an Accommodation Agreement dated as of April 26, 2023 (the “**Original Accommodation Agreement**”).
- D. At the request of the Credit Parties, NE SPC II has agreed to extend the period of (i) the various accommodations to the Borrowers; and (ii) the forbearance from enforcing the Security Documents granted under the Original Accommodation Agreement, subject to and in accordance with the terms of this Amended and Restated Accommodation Agreement (the “**Agreement**”).

NOW THEREFORE THIS AGREEMENT WITNESSETH that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties agree that the Original Accommodation Agreement shall be amended and restated, without novation, in its entirety to read as follows:

ARTICLE 1 - INTERPRETATION

- 1.1 **Definitions.** In this Agreement, unless the context otherwise requires, all capitalized terms defined in the Loan Agreement and the Security and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement and the Security, as applicable.

- 1.2 **Gender and Number.** Words importing the singular include the plural and vice versa and words importing gender include all genders.
- 1.3 **Time.** Time is of the essence in the performance of the Credit Parties' obligations.
- 1.4 **Severability.** Each of the provisions contained in this Agreement is distinct and severable, and a declaration of invalidity, illegality, or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement.
- 1.5 **Headings.** The division of this Agreement into articles, sections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- 1.6 **Original Accommodation Agreement Amended and Restated.** This Agreement shall amend and restate the Original Accommodation Agreement in its entirety, with the parties hereby agreeing that there is no novation of the Original Accommodation Agreement. On the Effective Date, the rights and obligations of the parties under the Original Accommodation Agreement shall be subsumed within and be governed by this Agreement.
- 1.7 **Entire Agreement.** This Agreement, the Loan Agreement and the Security together with the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understanding or other agreements, oral or written, express, implied, or collateral between the parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.
- 1.8 **Governing Law.** This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 1.9 **Conflicts.** If there is any inconsistency or conflict between the terms of this Agreement and the terms of the Loan Agreement and the Security or any other agreement executed in connection therewith or herewith, the provisions of this Agreement shall prevail to the extent of the inconsistency.

ARTICLE 2 - ACKNOWLEDGEMENTS

- 2.1 **Recitals.** The parties hereto acknowledge and agree that each of the foregoing recitals is true and accurate both in substance and in fact.
- 2.2 **Indebtedness.** The Credit Parties acknowledge that as of May 11, 2023, the amount owing to NE SPC II under the Loan Agreement and secured by the Security is the sum of \$13,278,547.01 for principal, interest and fees (net of legal fees and the Amendment Fee), including \$1,117,233.51 under the Revolving Facility, \$11,971,313.50 under the Term Facility and the \$190,000 facility fee (collectively, the "**Indebtedness**"). The Credit Parties confirm that the Indebtedness is unconditionally owing to NE SPC II, they do not dispute that they are liable to pay the Indebtedness to NE SPC II on any ground whatsoever, they have no claim, demand, setoff, or counterclaim against NE SPC II on any basis whatsoever, and there is no matter, fact or thing which may be asserted by any of them in extinction or diminution of the Indebtedness or result in any bar to or

delay in the recovery thereof. If there are any claims for setoff, counterclaim, or damages, they are hereby expressly released and discharged.

- 2.3 **The Borrowers.** The Borrowers acknowledge and agree that the Loan Agreement and the Security now held by NE SPC II for payment and performance of the Indebtedness have not been released, waived, or varied, and is valid, binding, and enforceable against them in accordance with its written terms.
- 2.4 **Guarantees.** The Guarantors confirm that they have guaranteed the payment and performance of the Indebtedness and obligations owing by the Borrowers to NE SPC II, in accordance with terms of the guarantees delivered to NE SPC II (collectively, the “**Guarantees**”) and secured their obligation under the applicable Security. The Guarantors do not dispute their liability to NE SPC II under the applicable Guarantees and Security on any basis whatsoever and confirm that they have no claim for setoff, counterclaim, or damages on any basis whatsoever against NE SPC II. If there are any claims, they are hereby expressly released and discharged. The Guarantors confirm that the applicable Guarantees and Security have not been released, waived, or varied, that they are binding upon them and that they are valid and enforceable against them in accordance with their written terms.
- 2.5 **NE SPC II Rights.** Each of the Credit Parties acknowledges and agrees NE SPC II is currently entitled to take any and all enforcement action it deems necessary in its sole discretion in connection with the enforcement of its rights at law and under the Loan Agreement, the Guarantees and the Security. Each of the Credit Parties further acknowledges and agrees that except as provided in this Agreement, NE SPC II (by itself or through its employees or agents) has not made any promises, or taken any action or omitted to take any action which would constitute a waiver of its right to take any enforcement action in connection with the enforcement of the Loan Agreement, the Guarantees and the Security, or which would estop it from so doing and that no statement, representation, promise, act or omission by NE SPC II or its employees or agents shall create such a waiver or estoppel. Each of the Credit Parties acknowledges and agrees that by entering into this Agreement, NE SPC II, except as provided in this Agreement, has not waived any of its rights under any of the Loan Agreement, the Guarantees and the Security, including without limitation NE SPC II’s right to take any enforcement action in connection with the enforcement of the Loan Agreement, the Guarantees and the Security.

ARTICLE 3 - FORBEARANCE

- 3.1 The Credit Parties have requested, and NE SPC II has agreed to forbear from taking any steps to enforce the Loan Agreement, the Guarantees and the Security, subject to and in accordance with the terms of this Agreement.
- 3.2 NE SPC II agrees to forbear and not take any steps to enforce the Loan Agreement, the Guarantees and the Security until the earliest of:
- (a) May 31, 2023; and
 - (b) immediately on the occurrence of an Event of Default;

(hereinafter referred to as the “**Accommodation Termination Date**” and the period commencing on the Effective Date and ending on (but excluding) the Accommodation Termination Date is the “**Accommodation Period**”).

3.3 NE SPC II's agreement to forbear is conditional upon:

- (a) ongoing communication from Borrower's management satisfactory to NE SPC II to keep NE SPC II informed of the status of potential transactions being contemplated in Borrower's ongoing strategic review process; and
- (b) notification by Borrower's management to NE SPC II to advise NE SPC II forthwith, and in any event within one (1) Business Day, of a proposal for a transaction that: (i) involves the acquisition of common shares of Borrower, representing 20% or more of the outstanding common shares of a Credit Party; (ii) involves the acquisition of assets of the Borrower or its affiliates, representing 5% or more of the total asset value of the Borrower and its affiliates taken as a whole; (iii) involves the acquisition or assignment of the indebtedness owing to NE SPC II under the Loan Agreement, or otherwise of Borrower or its affiliates, representing 5% or more of the total indebtedness of Borrower and its affiliates taken as a whole; (iv) is a merger, amalgamation, business combination or joint-venture involving Borrower or its affiliates; or (v) is any inquiry, proposal, offer or public announcement of an intention to do any of the foregoing (together a "**Strategic Transaction**"), and to provide NE SPC II a copy of such proposal.

ARTICLE 4 - AMENDMENT FEE

4.1 **Amendment Fee.** In consideration for NE SPC II's continued forbearance and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Credit Parties shall pay to NE SPC II a non-refundable amendment fee in the amount of \$20,000 which shall be fully earned on execution of this Agreement (the "**2nd Amendment Fee**"). The amendment fee in the amount of \$50,000 (being the aggregate of the 2nd Amendment Fee and the \$30,000 amendment fee which was fully earned on the execution of the Original Accommodation Agreement) shall form part of the Indebtedness, shall be secured by the Security, and shall be paid on the Accommodation Termination Date.

ARTICLE 5 - COVENANTS AND AGREEMENTS

5.1 **During the Accommodation Period:**

- (a) **Revolving Facility Advances and Limit.** Advances under the Revolving Facility will be available for Eligible Accounts based on the Lending Margin, provided that (i) the aggregate amount of all Advances made during the Accommodation Period shall not exceed \$750,000 and (ii) there shall be no draw-down of a Revolving Facility Advance if, after the Advance, (x) the aggregate of all Advances during the Accommodation Period would exceed \$750,000, or (y) the outstanding Loan Amount under the Revolving Facility would exceed the Revolving Facility Maximum Amount.
- (b) **Excise Duty Payments.** From May 15, 2023 to May 31, 2023, the Borrowers shall pay \$100,000 weekly to Canada Revenue Agency on account of their excise duty arrears and provide proof of payment within one (1) Business Day of such payment to NE SPC II.
- (c) **Proof of Priority Payables.** The Borrowers shall provide written evidence to NE SPC II within one (1) Business Day of due date that all Priority Payables arising after the date hereof have been paid, such written evidence to be in a form and content to the satisfaction of NE SPC II in its sole discretion, acting reasonably.
- (d) **Payments to Creditors.** Subject to Sections 5.1(b) and (h) of this Agreement, the Credit Parties shall utilize their available cash in a manner so as to ensure its continued operation,

and not to make any payments out of the ordinary course of business and to not prefer any unsecured creditor over other creditors.

- (e) **Agreements Out of Ordinary Course.** No Credit Party shall enter into any material agreements out of the ordinary course of business, except with the prior written consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably.
- (f) **Encumbrances, etc.** No Credit Party shall encumber, sell, transfer, convey, lease, or otherwise dispose of any of its assets or property out of the ordinary course of business without the prior written consent of NE SPC II, which consent may be withheld the sole discretion of NE SPC II, acting reasonably.
- (g) **Loans, Advances, etc.** No Credit Party shall, without the prior consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably, make any loans or advance money or property to any other person or invest in or purchase shares of another party or guarantee, assume or otherwise become responsible for the indebtedness, performance, or obligations of any other person.
- (h) **Remuneration.** Without the prior written consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably, no Credit Party shall make any distributions, directly or indirectly, to or for the benefit of any shareholder, director, officer, employee, or any other person not dealing at arm's-length with the Credit Parties, other than the current remuneration paid by each Credit Party to such individuals and commercially reasonable reimbursement of approved business expenses incurred by employees in accordance with Section 5.1(d) of this Agreement.
- (i) **Corporate Existence.** Each Credit Party shall maintain its corporate existence as valid and subsisting entities and shall not merge, amalgamate, or consolidate with any other corporation(s) without the prior written consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably.
- (j) **Access to Premises, Books and Records.** The Credit Parties shall upon request, permit NE SPC II and its advisors, representatives and agents, during normal business hours, to enter upon its premises to inspect their property and assets, and to examine and take away copies of all books and records relating thereto.
- (k) **Notice of Default.** The Credit Parties shall forthwith provide NE SPC II with written notice of the occurrence of an Event of Default hereunder.
- (l) **Notice of Proceedings.** The Credit Parties shall provide NE SPC II with notice of the commencement of any legal proceeding brought by any person against it within one (1) Business Day of receipt of same and provide NE SPC II with a copy of the relevant pleadings and diligently keep NE SPC II current and up to date with respect to the status of any such proceeding.
- (m) **Material Contracts.** The Credit Parties shall not surrender, terminate, repudiate, or amend, vary, or modify in a manner adverse to NE SPC II, acting reasonably, any material contract with respect to its property and assets without the prior written consent of NE SPC II which may be withheld in the sole discretion of NE SPC II, acting reasonably.
- (n) **Other Agreements.** The covenants and other terms and conditions contained in the Loan Agreement, the Guarantees and the Security shall continue in full force and effect, except

that, to the extent there exists any actual inconsistency between such provisions and the provisions of this Agreement, the provisions of this Agreement shall govern.

- (o) **Insolvency Proceedings.** No Credit Party shall commence any proceedings under *Bankruptcy and Insolvency Act* (Canada), (the “BIA”), the *Companies’ Creditors Arrangement Act* (Canada) (“CCAA”), or similar legislation without the prior written consent of NE SPC II, which consent may be withheld in the sole discretion of NE SPC II, acting reasonably. In the event that any Credit Party commences such proceedings, they agree that NE SPC II shall be an “unaffected creditor” under any such proceedings and hereby consents to a court order lifting any stay of proceeding as against NE SPC II.

5.2 **Additional Events of Default.** Any one or more of the following events will constitute an event of default under this Agreement (each an “Event of Default”):

- (a) commencement of any enforcement action by Canada Revenue Agency in respect of excise tax arrears;
- (b) a default or breach of any other obligation, promise, covenant, term, or condition occurs under this Agreement, the Loan Agreement, the Security after execution of this Agreement;
- (c) any representation or warranty made by any of the Credit Parties in the Loan Agreement or the Security, or in any certificate or other document delivered to NE SPC II in connection with the Loan Agreement, the Security or this Agreement, is false or misleading in any material respect;
- (d) the Borrowers has failed to irrevocably repay the Indebtedness to NE SPC II in full concurrently with the completion of a Strategic Transaction;
- (e) any default occurs under any credit, loan, security, forbearance, standstill or other agreements executed and delivered by any of the Credit Parties to any other creditor; or
- (f) if any financial reporting information provided by or on behalf of the Credit Parties to NE SPC II proves to be false, misleading, inaccurate, or incorrect in any material respect, or if there is a failure to provide NE SPC II with such financial reporting or other information as it may require from time to time acting reasonably.

5.3 **Remedies.** In addition to the rights and remedies available to NE SPC II under the Loan Agreement, the Guarantees, the Security and under this Agreement, at law or in equity, on the Accommodation Termination Date or upon the occurrence of an Event of Default, whichever is earlier:

- (a) the outstanding balance of the Indebtedness owing by the Borrowers to NE SPC II shall, at the option of NE SPC II, become immediately due and payable; and
- (b) the Security shall, at NE SPC II’s option, become enforceable in accordance with their terms, including without limitation NE SPC II’ right to the appointment of a private receiver or the court appointment of an interim receiver, national receiver and receiver and manager of the property, assets, and undertakings of any Credit Party.

ARTICLE 6 - GENERAL PROVISIONS

6.1 **Reimbursement.** The Credit Parties agree to reimburse NE SPC II in respect of all reasonable expenses (including fees and disbursements) which NE SPC II has incurred or will incur in

connection with the negotiation and preparation of this Agreement, and the administration and the enforcement of the Loan Agreement, the Guarantees, the Security, and this Agreement. To the extent such expenses have not been included in the Indebtedness, NE SPC II may pay such expenses directly and the amount so paid shall form part of the Indebtedness, shall bear interest from the date of payment at highest rate of interest set out in the Loan Agreement, the Guarantees and the Security and shall be secured by the Security.

- 6.2 **Release.** The Credit Parties hereby absolutely and irrevocably release, remise, acquit and forever discharge NE SPC II, its officers, directors, employees, Advisors, and agents (all of the foregoing hereinafter called the “**Released Parties**”) from any and all actions and causes of action, suits, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct or indirect, at law or in equity, of whatsoever kind or nature, for or because of any fact, matter or things done, omitted or suffered to be done by the Released Parties prior to and including the date of execution hereof, which are in any way directly or indirectly arising out of or in any way connected to this Agreement, the Loan Agreement, the Guarantees, the Security, and the administration and enforcement of the Loan Agreement, the Guarantees, the Security and the negotiation of this Agreement (the “**Released Matters**”). The Credit Parties acknowledge that the agreements in this paragraph are intended to be in full satisfaction of all or any alleged injuries, losses or damages arising in connection with the Released Matters. The Credit Parties represent and warrant to the Released Parties that they have not purported to transfer, assign, or otherwise convey any of their rights, title, or interest in any Released Matter to any other person and that the foregoing constitutes a full and complete release of all Released Matters. The foregoing release shall survive the termination of this Agreement, the Loan Agreement and the Security and payment in full of the Indebtedness.
- 6.3 **Independent Legal Advice.** The Credit Parties acknowledge that, in executing and delivering this Agreement, they have acted and continue to act freely and without duress. The Credit Parties acknowledge that the actions of NE SPC II in entering into this Agreement have been fair and reasonable and that NE SPC II (i) has not acted in a managerial capacity with respect to the Credit Parties, and (ii) has no fiduciary duty to the Credit Parties in connection with this Agreement, the Loan Agreement or the Security. The Credit Parties confirm that they have had the benefit of independent legal advice in connection with the negotiation of this Agreement. The Credit Parties hereby waive and agree not to assert or cause to be asserted any defence, right or claim with respect to any matter set forth in this Agreement.
- 6.4 **Capacity and Authority.** The Credit Parties represent and warrant to NE SPC II that they have the capacity and authority to enter into and perform their obligations under this Agreement.
- 6.5 **Necessary Proceedings.** The execution and delivery of this Agreement and the performance by the Credit Parties of their obligations hereunder have been duly authorized by all necessary proceedings.
- 6.6 **Notices.** Any notice, consent or approval required or permitted to be given in connection with this Agreement (a “**Notice**”) shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by e-mail:
- (a) in the case of a Notice to NE SPC II:

c/o Next Edge Capital

1 Toronto Street, Suite 200
Toronto, Ontario, M5C 2V6
Attention: Portfolio Manager

Attention: Tammy Kemp
E-mail: [Redacted - Email address]

and with a copy to:

Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Attention: Philip Taylor
E-mail:

(b) in the case of a Notice to the Credit Parties:

[ALEAFIA HEALTH INC.](#)
85 Basaltic Road
Concord, Ontario L4K 1G4

Attention: Matthew Sale
E-mail: [Redacted - Email address]

and with a copy to:

Aird & Berlis LLP
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Attention: Jill Fraser
E-mail: [Redacted - Email address]

The date of receipt of such notice shall be the date of the actual delivery to the address specified if delivered or the date of actual transmission to the electronic address if sent by electronic communication, respectively, unless such date is not a Business Day, in which event the date of receipt shall be the next Business Day immediately following the date of such delivery or transmission.

- 6.7 **Assignment.** The Credit Parties may not assign this Agreement or any rights or obligations under this Agreement.
- 6.8 **Amendment.** No amendment, modification, waiver of this Agreement and, unless otherwise specified, no consent or approval by any party, shall be binding unless executed in writing by the party to be bound thereby.
- 6.9 **Enurement.** This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors (including any successor by reason of amalgamation of any party), and permitted assigns.

- 6.10 **No Third-Party Beneficiaries.** Unless expressly stated herein, this Agreement shall be solely for the benefit of the parties hereto and no other person or entity shall be a third-party beneficiary hereof.
- 6.11 **No Novation.** This Agreement shall not constitute and shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Loan Agreement and the Security.
- 6.12 **Execution and Delivery.** This Agreement may be executed in counterparts, and acceptance of this Agreement may be provided by email transmission in PDF format and, on such execution and transmission, this Agreement shall be binding on the parties with the same force and effect as if originally executed.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

IN WITNESS OF WHICH the parties have duly executed this Agreement on the date described above.

**NE SPC II LP, by its general partner,
NEXT EDGE GENERAL PARTNER
(ONTARIO) INC.**

Per: (signed) "*Cheng Dang*" _____
Name: Cheng Dang
Title: Director

Per: (signed) "*David Scobie*" _____
Name: David Scobie
Title: Director

I/We have authority to bind the partnership

ALEAFIA HEALTH INC.

Per: (signed) "*Tricia Symmes*" _____
Name: Tricia Symmes
Title: CEO

Per: (signed) "*Matthew Sale*" _____
Name: Matthew Sale
Title: CFO

I/We have authority to bind the corporation

ALEAFIA FARMS INC.

Per: (signed) "*Tricia Symmes*" _____
Name: Tricia Symmes
Title: CEO

Per: (signed) "*Matthew Sale*" _____
Name: Matthew Sale
Title: CFO

I/We have authority to bind the corporation

EMBLEM CANNABIS CORPORATION

Per: (signed) "*Tricia Symmes*" _____
Name: Tricia Symmes
Title: CEO

Per: (signed) "*Matthew Sale*" _____
Name: Matthew Sale
Title: CFO

I/We have authority to bind the corporation

EMBLEM CORP.

Per: (signed) "*Tricia Symmes*" _____
Name: Tricia Symmes
Title: CEO

Per: (signed) "*Matthew Sale*" _____
Name: Matthew Sale
Title: CFO

I/We have authority to bind the corporation

CANABO MEDICAL CORPORATION

ALEAFIA INC.

Per: (signed) "*Tricia Symmes*" _____
Name: Tricia Symmes
Title: CEO

Per: (signed) "*Tricia Symmes*" _____
Name: Tricia Symmes
Title: CEO

Per: (signed) "*Matthew Sale*" _____
Name: Matthew Sale
Title: CFO

Per: (signed) "*Matthew Sale*" _____
Name: Matthew Sale
Title: CFO

I/We have authority to bind the corporation

I/We have authority to bind the corporation

This is Exhibit “HHH” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Kinn".

Commissioner for Taking Affidavits

AMENDING AGREEMENT

THIS AGREEMENT is made as of the 31st day of May, 2023 (the “**Effective Date**”),

BETWEEN:

**NE SPC II LP
 (“NE SPC II”)**

– and –

**ALEAFIA HEALTH INC., EMBLEM CANNABIS CORPORATION and ALEAFIA
 FARMS INC.
 (collectively, the “Borrowers”)**

– and –

**EMBLEM CORP., CANABO MEDICAL CORPORATION and ALEAFIA INC.
 (collectively, the “Guarantors”)**

RECITALS:

- A. The Borrowers, the Guarantors and NE SPC II are party to an Amended and Restated Accommodation Agreement dated as of May 15, 2023 (the “**Accommodation Agreement**”) in respect of a Loan Agreement dated as of December 24, 2021, as amended by agreements dated March 28, 2022 and June 17, 2022 (collectively, the “**Loan Agreement**”) and the various security agreements delivered to NE SPC II in connection thereto (collectively, the “**Security Documents**”).
- B. At the request of the Borrowers and the Guarantors, NE SPC II has agreed to extend the period of (i) the various accommodations granted to the Borrowers under the Loan Agreement; and (ii) the forbearance from enforcing the Security Documents, granted under the Accommodation Agreement subject to and in accordance with the terms of this amending agreement (the “**Agreement**”).

NOW THEREFORE THIS AGREEMENT WITNESSETH that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties agree effective as of the date hereof as follows:

1. Section 2.2 of the Accommodation Agreement is hereby deleted and replaced with the following:

“**Indebtedness.** The Credit Parties acknowledge that as of May 31, 2023, the amount owing to NE SPC II under the Loan Agreement and secured by the Security is the sum of \$13,710,821.98 for principal, interest and fees (net of legal fees), including \$1,352,599.04 under the Revolving Facility, \$11,971,313.50 under the Term Facility, the \$50,000 Amendment Fee and the \$190,000 facility fee (collectively, the “**Indebtedness**”). The Credit Parties confirm that the Indebtedness is unconditionally owing to NE SPC II, they do not dispute that they are liable to pay the Indebtedness to NE SPC II on any ground

whatsoever, they have no claim, demand, setoff, or counterclaim against NE SPC II on any basis whatsoever, and there is no matter, fact or thing which may be asserted by any of them in extinction or diminution of the Indebtedness or result in any bar to or delay in the recovery thereof. If there are any claims for setoff, counterclaim, or damages, they are hereby expressly released and discharged.”

2. Section 2.3 of the Accommodation Agreement is hereby deleted and replaced with the following:

“NE SPC II agrees to forbear and not take any steps to enforce the Loan Agreement, the Guarantees and the Security until the earliest of:

- (a) June 5, 2023; and
- (b) immediately on the occurrence of an Event of Default;

(hereinafter referred to as the “**Accommodation Termination Date**” and the period commencing on the Effective Date and ending on (but excluding) the Accommodation Termination Date is the “**Accommodation Period**”).”

3. The Borrower shall be responsible for all legal fees and disbursements incurred by the Lender in connection with the preparation and negotiation of this Agreement.
4. This Agreement is supplemental to and shall be read with and be deemed to be part of the Accommodation Agreement, which shall be deemed to be amended *mutatis mutandis* as herein provided and *pro tanto* to give effect to this Agreement.
5. All the terms and conditions of, and representations, warranties and covenants under the Accommodation Agreement, except insofar as the same are amended by the express provisions of this Agreement, are confirmed and ratified in all respects, shall survive and shall not merge with or be extinguished by the execution and delivery of this Agreement and shall hereafter continue in full force and effect, as amended.
6. This Agreement may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopier, PDF or by other electronic means shall be as effective as delivery of a manually executed counterparts.
7. The Borrower and the Guarantor agree that they will execute such further assurances with respect to this Agreement and the Credit Agreement as may be required to evidence the true intent and meaning of this Agreement.
8. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.
9. This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable herein.

IN WITNESS OF WHICH the parties have duly executed this Agreement on the date described above.

**NE SPC II LP, by its general partner,
NEXT EDGE GENERAL PARTNER
(ONTARIO) INC.**

Per: (signed) "*Cheng Dang*" _____
Name: Cheng Dang
Title: Director

Per: (signed) "*David Scobie*" _____
Name: David Scobie
Title: Director

I/We have authority to bind the partnership

ALEAFIA HEALTH INC.

Per: (signed) "*Tricia Symmes*" _____
Name: Tricia Symmes
Title: CEO

Per: (signed) "*Matthew Sale*" _____
Name: Matthew Sale
Title: CFO

I/We have authority to bind the corporation

ALEAFIA FARMS INC.

Per: (signed) "*Tricia Symmes*" _____
Name: Tricia Symmes
Title: CEO

Per: (signed) "*Matthew Sale*" _____
Name: Matthew Sale
Title: CFO

I/We have authority to bind the corporation

EMBLEM CANNABIS CORPORATION

Per: (signed) "*Tricia Symmes*" _____
Name: Tricia Symmes
Title: CEO

Per: (signed) "*Matthew Sale*" _____
Name: Matthew Sale
Title: CFO

I/We have authority to bind the corporation

EMBLEM CORP.

Per: (signed) "*Tricia Symmes*" _____
Name: Tricia Symmes
Title: CEO

Per: (signed) "*Matthew Sale*" _____
Name: Matthew Sale
Title: CFO

I/We have authority to bind the corporation

CANABO MEDICAL CORPORATION

ALEAFIA INC.

Per: (signed) "*Tricia Symmes*" _____
Name: Tricia Symmes
Title: CEO

Per: (signed) "*Tricia Symmes*" _____
Name: Tricia Symmes
Title: CEO

Per: (signed) "*Matthew Sale*" _____
Name: Matthew Sale
Title: CFO

Per: (signed) "*Matthew Sale*" _____
Name: Matthew Sale
Title: CFO

I/We have authority to bind the corporation

I/We have authority to bind the corporation

This is Exhibit "III" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han". The signature is fluid and cursive, with a large initial 'S' and a distinct 'H'.

Commissioner for Taking Affidavits

Angela Oh

----- Forwarded message -----

From: **Eddie Mattei** <eddie.mattei@redwhitebloom.com>

Date: Fri, Jun 23, 2023 at 2:50 PM

Subject: RE: Advance Request

To: Matthew Sale <matthewsale@aleafiahealth.com>, Carrie Magee <carrie.magee@redwhitebloom.com>

Cc: triciasymmes@aleafiahealth.com <triciasymmes@aleafiahealth.com>, Sung Lee <sunglee@aleafiahealth.com>, Peter

Tassiopoulos <ptrtass@yahoo.ca>, Colby DeZen <colby.dezen@redwhitebloom.com>

As of June 23, 2023, 2:45PM							
	<i>Blocked</i>	<i>Ops</i>	<i>Collateral</i>	<i>Net</i>			
Cash On hand	1,340	558	(120)	1,778			
Sweep	(837)	837		-			
Available	503	1,395	(120)	1,778	<i>Cash pledge of \$500K in Blocked a/c</i>		
Disbursements							
Sal Pay		(400)		(400)	<i>~\$400k Salary payroll</i>		
Hr Pay		(130)		(130)	<i>~\$130k Hourly payroll</i>		
D&O Premium		(181)		(181)	<i>HUB D&O insurance (50% payment)</i>		
Trade AP							
Delta 9		(106)		(106)	<i>Paydown - bulk flower</i>		
Logistics		(20)		(20)	<i>Paydown - MetroGreen</i>		
Total Pymts to 13W *	-	(837)	-	(837)			
Net Cash on Hand **	503	558	(120)	941			
* Aleafia to itemize any further disbursements proposed before being released							
** projected							

Matt – confirming the above in terms of target cash on hand by EOD today. **Sweep and Disbursements detailed above are approved.**

- Delta 9 = AP paydown but will translate into saleable flower (***please confirm lead time to deliver SKUs***)
- MetroGreen = legacy logistics provider; Aleafia negotiated \$3K discount contingent on this payment (great work) and satisfaction of INTL flower shipment next week

Note that any further disbursements out of Operating Accounts need to be reviewed by the Lender prior to release

Thanks.

From: Matthew Sale <matthewsale@aleafiahealth.com>

Sent: Friday, June 23, 2023 2:13 PM

To: Eddie Mattei <eddie.mattei@redwhitebloom.com>; Carrie Magee <carrie.magee@redwhitebloom.com>

Cc: triciasymmes@aleafiahealth.com; Sung Lee <sunglee@aleafiahealth.com>

Subject: Advance Request

CAUTION: This email originated from outside of the organization. Anyone using this email to claim they are within the organization is most likely trying to mislead you.

Do not open any links or perform any tasks within this email unless you have verified their authenticity by contacting the alleged party(s) within this email via a previously-used contact method.

Alternatively, you could contact OptivaIT or your HR department on how to proceed.
-Optiva IT

[EXTERNAL EMAIL]

Eddie,

To confirm, we intend to sweep **\$837k from the blocked account.**

With current TD blocked account balance of \$1,139k, this should leave \$502k in the account (above your \$500k liquidity buffer)

We are working expeditiously to itemize every amount for you.

1. ~\$400k Salary payroll
2. ~\$130k Hourly payroll
3. \$181k HUB D&O insurance (50% payment)
4. \$106k Delta-9 (flower supplier we need to pay off before buying more flower which is required urgently to avoid further lost sales)
5. \$20k Metrogreen (logistics - paying them \$20k locks in a \$3k discount and they will do int'l shipment for us next week)

Please confirm receipt and approval urgently?

--

Matt Sale

Chief Financial Officer M: 416.453.1010 E: matthewsale@aleafiahealth.com **Aleafia Health Inc.**

This e-mail communication is CONFIDENTIAL. If you are not the intended recipient, please notify me at the telephone number shown above or by return e-mail and delete this communication and any copy immediately. Thank you.

L'information apparaissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, vous êtes en conséquence prié de nous aviser immédiatement par téléphone ou par courriel. De plus, veuillez détruire ce message immédiatement. Merci.

--

Matt Sale

M: 416.453.1010

This e-mail communication is CONFIDENTIAL. If you are not the intended recipient, please notify me at the telephone number shown above or by return e-mail and delete this communication and any copy immediately. Thank you.

L'information apparaissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, vous êtes en conséquence prié de nous aviser immédiatement par téléphone ou par courriel. De plus, veuillez détruire ce message immédiatement. Merci.

This is Exhibit “JJJ” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits



Via email

June 29, 2023
Aleafia Health Inc.
85 Basaltic Road
Concord, Ontario L4K 1G4

-with a copy to-

Emblem Cannabis Corporation
Aleafia Farms Inc.
Emblem Corp.
Cannabo Medical Corporation
c/o
Aleafia Health Inc.
85 Basaltic Road
Concord, Ontario L4K 1G4

Attention: Matthew Sale, CFO

Dear Matthew:

Re: Loan agreement dated December 24, 2021, as amended on March 28, 2022, June 17, 2022, April 26, 2023, May 15, 2023, and May 31, 2023, between, among others, Red White & Bloom Brands Inc. (as assignee to NE SPC II LP, "RWB") and Aleafia Health Inc. ("Aleafia") (the "Loan Agreement")

As we have expressed to you on several occasions in the past days, RWB is not required nor prepared to advance further funds under the existing Loan Agreement.

As Aleafia is aware, the lending margins under the Loan Agreement do not allow for any further advances at this time and the Accommodation Period under the accommodation agreement made in April, 2023 has expired. RWB also has not received a 13 week cash flow statement satisfactory to RWB that would align the cash needs of Aleafia with the lending margins that RWB and Aleafia have been discussing.

RWB is also extremely concerned by the recent developments with respect to certain holders of debentures, which, at least for now, would tend to indicate that the transaction contemplated by the binding letter agreement dated June 6, 2023, between RWB and Aleafia will not be supported by the requisite majority of holders of debentures.

The fact that RWB has not, to date, taken steps to immediately enforce its security will not in any way constitute a waiver of existing or future "Events of Default" under the Loan Agreement or under any other agreements between the RWB and Aleafia. RWB expressly reserves all of its existing and future rights and remedies under the Loan Agreement, the related security, and at law.

Yours truly,

RED, WHITE & BLOOM BRANDS INC.

By: 

Name: Eddie Mattei
Title: CFO

Cc: David Pasioka, Chairman, Aleafia Health Inc.
Patricia Symmes, CEO, Aleafia Health Inc.
Virginie Gauthier, Partner, Gowling WLG

This is Exhibit “KKK” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits

From: **Eddie Mattei** <eddie.mattei@redwhitebloom.com>

Date: Thu, Jul 13, 2023 at 1:48 PM

Subject: RE: Aleafia Payment Arrangement with Grimsby Power

To: triciasymmes@aleafiahealth.com <triciasymmes@aleafiahealth.com>, David Pasieka <davidpasieka@aleafiahealth.com>

Cc: Peter Tassiopoulos <ptrtass@yahoo.ca>

Tricia, David

Moving forward, putting both of you on notice that RWB will no longer deal with Matt on matters of funding and disbursements. No issues dealing with Sung, a VP Finance in your organization, who can then coordinate with Matt or other stakeholders internally.

Given that you've already engaged KSV, we would be amenable to working with Noah on other matters such as the maintenance of the 13W CF which has yet to be sensitized for a potential filing.

Before Matt sent whatever representations were made below (I've added it to our file of misrepresentations he's made since we've been engaged), I was in the process of confirming that RWB is willing to release another \$500K from the blocked account in good faith as we work towards a mutual solution given that it appears that the Proposed Transaction will not proceed. We will continue to require visibility on all disbursements without exception.

Please advise on your availability at 215PM today to discuss our path forward. I can send a placeholder for a Teams meeting.

Thanks.

This is Exhibit “LLL” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is written in a cursive style with a large initial 'S' and a long, sweeping tail.

Commissioner for Taking Affidavits

July 24, 2023

Virginie Gauthier
Direct : (416) 369-7256
Virginie.gauthier@gowlingwlg.com

PRIVATE AND CONFIDENTIAL

Kate Yurkovich
Direct : (416) 862-4342
Kate.yurkovich@gowlingwlg.com

BY EMAIL

ALEAFIA HEATH INC.
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, Ontario M5X 1G5
Attention: Matthew Sale, Patricia Symmes-Rizakos
Email: matthewsale@aleafiahealth.com;
triciasymmes@aleafiahealth.com

AIRD & BERLIS LLP
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada
M5J 2T9
Attention: Kyle Plunkett
Email: kplunkett@airdberlis.com

EMBLEM CANNABIS CORPORATION
85 Basaltic Road
Vaughan, Ontario L4K 1G4
Attention: Matthew Sale, Patricia Symmes-Rizakos
Email: matthewsale@aleafiahealth.com;
triciasymmes@aleafiahealth.com

ALEAFIA FARMS INC.
85 Basaltic Road
Concord, Ontario L4K 1G4
Attention: Matthew Sale, Patricia Symmes-Rizakos
Email: matthewsale@aleafiahealth.com;
triciasymmes@aleafiahealth.com

**AND TO EACH OF THE GUARANTORS
NOTED IN SCHEDULE “A” HERETO
(individually, a “Guarantor” and collectively the
“Guarantors”)**

Re: Red White & Bloom Brands Inc. (“RWB”) credit facilities extended to Aleafia Health Inc., Emblem Cannabis Corporation and Aleafia Farms Inc. (collectively, the “Borrowers”), guaranteed by each of the Guarantors

We are enforcement counsel to RWB. We are writing to you in connection with the loan agreement dated December 24, 2021 between NE SPC II LP, as lender, the Borrowers, as borrowers and the Guarantors, as guarantors, as amended by amending agreements dated as of March 28, 2022 and June 17, 2022, and subject to an amended and restated accommodation agreement dated as of May 15, 2023 (as amended by an amending agreement dated as of May 31, 2023, the “**Accommodation Agreement**”) (collectively, as modified, amended, supplemented, revised, restated and replaced from time to time, the “**Loan Agreement**”).

Pursuant to an assignment of indebtedness and security agreement dated as of June 6, 2023, the Loan Agreement and all Credit Documents (as defined below), security and ancillary documents granted in favour of NE SPC II LP in connection with the Loan Agreement, was assigned by NE SPC II LP to RWB.

Capitalized terms used herein and not otherwise defined have the meanings given to them in the Loan Agreement.

The Borrowers are in default under the Loan Agreement and the other Credit Documents (as defined below) for, among other things, (i) Aleafia Health Inc. having failed to maintain the Current Ratio prescribed under the Loan Agreement; (ii) the occurrence of material adverse change resulting in a Material Adverse Effect; and (iii) the Borrowers having failed to satisfy the Revolving Credit Facility Conditions in the time prescribed under the Loan Agreement. In addition, the Accommodation Termination Date (as defined in the Accommodation Agreement) has occurred without being extended.

According to RWB's records, the Borrowers are indebted or otherwise liable to RWB for the amounts set out in Schedule B to this letter as of June 30, 2023 (the amount owing from time to time by the Borrowers to RWB, the "**Indebtedness**").

The Guarantors have each jointly and severally guaranteed the repayment of the Indebtedness pursuant to guarantee and postponement agreements, each dated as of December 24, 2021 (collectively, the "**Guarantees**").

RWB hereby demands payment in full of the Indebtedness from the Borrowers and the Guarantors. Interest on the Indebtedness has accrued and will continue to accrue to the date of payment at the rate set out in the Loan Agreement and the other Credit Documents, as applicable. The exact amount of the Indebtedness and interest which will have accrued to any date of payment shall be obtained by contacting RWB. You will also be required to pay RWB's legal and other expenses in connection with the Indebtedness.

This letter constitutes a demand for payment and acceleration of payment under the terms and conditions of the Loan Agreement and the terms and conditions of all security held by RWB directly or indirectly for any of the Indebtedness, including all loan agreements, promissory notes, the Guarantees and other agreements governing the Indebtedness (collectively, the "**Credit Documents**"), and is made without prejudice to (a) RWB's right to make such further and other demands as it shall see fit for any other indebtedness or under any other security, and (b) RWB's right to provide further and other notices of default.

Unless payment or arrangements satisfactory to RWB for payment of the Indebtedness are made by no later than **4:00 p.m. on August 4, 2023** (Toronto time), RWB may take any further steps that it deems necessary to recover payment of the Indebtedness. These steps may include (i) the enforcement of its security by way of the appointment of an interim receiver, court appointed receiver and manager, a private receiver and manager, or an agent under its security; and (ii) the enforcement of any real property security by way of rights of power of sale. RWB expressly reserves the right to take any steps it deems advisable to protect RWB's position prior to that date.

We also enclose a notice of intention to enforce security issued by RWB under Section 244 of the *Bankruptcy and Insolvency Act* (Canada) for each of the Borrowers and Guarantors.

RWB expressly reserves its rights and remedies with respect to any defaults that shall now exist or hereafter arise under the Loan Agreement and the other Credit Documents.

Yours very truly,

GOWLING WLG (CANADA) LLP


per Virginie Gauthier/ Kate Yurkovich

**SCHEDULE A
GUARANTORS**

EMBLEM CORP.

85 Basaltic Road

Vaughan, Ontario L4K 1G4

Attention: Matthew Sale, Patricia Symmes-
Rizakos

Email: matthewsale@aleafiahealth.com;

triciasymmes@aleafiahealth.com

CANABO MEDICAL CORPORATION

85 Basaltic Road

Vaughan, Ontario L4K 1G4

Attention: Matthew Sale, Patricia Symmes-
Rizakos

Email: matthewsale@aleafiahealth.com;

triciasymmes@aleafiahealth.com

ALEAFIA INC.

85 Basaltic Road

Concord, Ontario L4K 1G4

Attention: Matthew Sale, Patricia Symmes-
Rizakos

Email: matthewsale@aleafiahealth.com;

triciasymmes@aleafiahealth.com

SCHEDULE B

Amount of Indebtedness Owing as of June 30, 2023

RWB loan	
Repayment of Garrington loan on June 6, 2023	- 13,529,857.98
Additional loan received on June 6, 2023	- 1,500,000.00
	- 15,029,857.98
Accrued interest @15.7%	- 161,622.45
Balance, June 30, 2023	- 15,191,480.43

BANKRUPTCY AND INSOLVENCY ACT

FORM 86

Notice of Intention to Enforce Security
(Rule 124)

TO: ALEAFIA HEALTH INC., an insolvent person

Take notice that:

1. **RED WHITE & BLOOM BRANDS INC.**, a secured creditor, intends to enforce its security against the following property of the insolvent persons listed above:

All of the property, assets, and undertaking charged by the security described in paragraph 2 of this Notice.

2. The security that is to be enforced is in the form of:

See Schedule "A".

3. The total amount of indebtedness secured by the security as of June 30, 2023 is:

See Schedule "B".

4. The secured creditor will not have the right to enforce the security until after the expiration of the ten (10) day period after this notice is sent unless the insolvent person(s) each consent to an earlier enforcement.

DATED at Toronto this 24th day of July, 2023

RED WHITE & BLOOM BRANDS INC.
BY ITS COUNSEL
GOWLING WLG (CANADA) LLP

Per:



Virginie Gauthier/ Kate Yurkovich

SCHEDULE "A"

SECURITY DOCUMENTS

1. A general security agreement by Aleafia Health Inc. dated as of December 24, 2021;
2. An assignment of insurance monies by Aleafia Health Inc. dated as of December 24, 2021;
3. A notice of security interest in intellectual property by Aleafia Health Inc. dated as of December 24, 2021;
4. An environmental warranty and indemnity by Aleafia Health Inc., Emblem Cannabis Corporation, Aleafia Farms Inc., Emblem Corp., Aleafia Inc. and Canabo Medical Corporation dated as of December 24, 2021; and
5. All other security granted to Red White & Bloom Brands Inc. and not otherwise listed above.

SCHEDULE "B"

Amount of Indebtedness Owing as of June 30, 2023

RWB loan	
Repayment of Garrington loan on June 6, 2023	- 13,529,857.98
Additional loan received on June 6, 2023	- 1,500,000.00
	- 15,029,857.98
Accrued interest @15.7%	- 161,622.45
Balance, June 30, 2023	- 15,191,480.43

BANKRUPTCY AND INSOLVENCY ACT

FORM 86

Notice of Intention to Enforce Security
(Rule 124)

TO: EMBLEM CANNABIS CORPORATION, an insolvent person

Take notice that:

1. **RED WHITE & BLOOM BRANDS INC.**, a secured creditor, intends to enforce its security against the following property of the insolvent persons listed above:

All of the property, assets, and undertaking charged by the security described in paragraph 2 of this Notice.

2. The security that is to be enforced is in the form of:

See Schedule "A".

3. The total amount of indebtedness secured by the security as of June 30, 2023 is:


See Schedule "B".

4. The secured creditor will not have the right to enforce the security until after the expiration of the ten (10) day period after this notice is sent unless the insolvent person(s) each consent to an earlier enforcement.

DATED at Toronto this 24th day of July, 2023

RED WHITE & BLOOM BRANDS INC.
BY ITS COUNSEL
GOWLING WLG (CANADA) LLP

Per:



Virginie Gauthier/ Kate Yurkovich

SCHEDULE "A"

SECURITY DOCUMENTS

1. A general security agreement by Emblem Cannabis Corporation dated as of December 24, 2021;
2. A general assignment of rents by Emblem Cannabis Corporation dated as of December 24, 2021;
3. An assignment of insurance monies by Emblem Cannabis Corporation dated as of December 24, 2021;
4. A notice of security interest in intellectual property by Emblem Cannabis Corporation dated as of December 24, 2021;
5. An environmental warranty and indemnity by Aleafia Health Inc., Emblem Cannabis Corporation, Aleafia Farms Inc., Emblem Corp., Aleafia Inc. and Canabo Medical Corporation dated as of December 24, 2021;
6. A charge/mortgage in the principal amount of \$19,000,000 over the property municipally known as 20 Woodslee Avenue, Paris, Ontario, granted by Emblem Cannabis Corporation and registered on December 24, 2021 as Instrument No. BC420311 as such charge/mortgage was transferred to Red White & Bloom Brands Inc. on June 12, 2023 pursuant to Instrument No. BC454633; and
7. All other security granted to Red White & Bloom Brands Inc. and not otherwise listed above.

SCHEDULE "B"

Amount of Indebtedness Owing as of June 30, 2023

RWB loan	
Repayment of Garrington loan on June 6, 2023	- 13,529,857.98
Additional loan received on June 6, 2023	- 1,500,000.00
	- 15,029,857.98
Accrued interest @15.7%	- 161,622.45
Balance, June 30, 2023	- 15,191,480.43

BANKRUPTCY AND INSOLVENCY ACT

FORM 86

Notice of Intention to Enforce Security
(Rule 124)

TO: ALEAFIA FARMS INC., an insolvent person

Take notice that:

1. **RED WHITE & BLOOM BRANDS INC.**, a secured creditor, intends to enforce its security against the following property of the insolvent persons listed above:

All of the property, assets, and undertaking charged by the security described in paragraph 2 of this Notice.

2. The security that is to be enforced is in the form of:

See Schedule "A".

3. The total amount of indebtedness secured by the security as of June 30, 2023 is:


See Schedule "B".

4. The secured creditor will not have the right to enforce the security until after the expiration of the ten (10) day period after this notice is sent unless the insolvent person(s) each consent to an earlier enforcement.

DATED at Toronto this 24th day of July, 2023

RED WHITE & BLOOM BRANDS INC.
BY ITS COUNSEL
GOWLING WLG (CANADA) LLP

Per:



Virginie Gauthier/ Kate Yurkovich

SCHEDULE "A"

SECURITY DOCUMENTS

1. A general security agreement by Aleafia Farms Inc. dated as of December 24, 2021;
2. A general assignment of rents by Aleafia Farms Inc. dated as of December 24, 2021;
3. An assignment of insurance monies by Aleafia Farms Inc. dated as of December 24, 2021;
4. An environmental warranty and indemnity by Aleafia Health Inc., Emblem Cannabis Corporation, Aleafia Farms Inc., Emblem Corp., Aleafia Inc. and Canabo Medical Corporation dated as of December 24, 2021;
5. A charge/mortgage in the principal amount of \$19,000,000 over the property municipally known as 378 South Service Road, Grimsby, Ontario, granted by Aleafia Farms Inc. and registered on December 24, 2021 as Instrument No. NR600589, as such charge/mortgage was transferred to Red White & Bloom Brands Inc. on June 12, 2023 pursuant to Instrument No. NR643871; and
6. All other security granted to Red White & Bloom Brands Inc. and not otherwise listed above.

SCHEDULE "B"

Amount of Indebtedness Owing as of June 30, 2023

RWB loan	
Repayment of Garrington loan on June 6, 2023	- 13,529,857.98
Additional loan received on June 6, 2023	- 1,500,000.00
	- 15,029,857.98
Accrued interest @15.7%	- 161,622.45
Balance, June 30, 2023	- 15,191,480.43

BANKRUPTCY AND INSOLVENCY ACT

FORM 86

Notice of Intention to Enforce Security
(Rule 124)

TO: EMBLEM CORP., an insolvent person

Take notice that:

1. **RED WHITE & BLOOM BRANDS INC.**, a secured creditor, intends to enforce its security against the following property of the insolvent persons listed above:

All of the property, assets, and undertaking charged by the security described in paragraph 2 of this Notice.

2. The security that is to be enforced is in the form of:

See Schedule "A".

3. The total amount of indebtedness secured by the security as of June 30, 2023 is:


See Schedule "B".

4. The secured creditor will not have the right to enforce the security until after the expiration of the ten (10) day period after this notice is sent unless the insolvent person(s) each consent to an earlier enforcement.

DATED at Toronto this 24th day of July, 2023

RED WHITE & BLOOM BRANDS INC.
BY ITS COUNSEL
GOWLING WLG (CANADA) LLP

Per:



Virginie Gauthier/ Kate Yurkovich

SCHEDULE "A"

SECURITY DOCUMENTS

1. A general security agreement by Emblem Corp. dated as of December 24, 2021;
2. An assignment of insurance monies by Emblem Corp. dated as of December 24, 2021;
3. An environmental warranty and indemnity by Aleafia Health Inc., Emblem Cannabis Corporation, Aleafia Farms Inc., Emblem Corp., Aleafia Inc. and Canabo Medical Corporation dated as of December 24, 2021; and
4. All other security granted to Red White & Bloom Brands Inc. and not otherwise listed above.

SCHEDULE "B"

Amount of Indebtedness Owing as of June 30, 2023

RWB loan	
Repayment of Garrington loan on June 6, 2023	- 13,529,857.98
Additional loan received on June 6, 2023	- 1,500,000.00
	- 15,029,857.98
Accrued interest @15.7%	- 161,622.45
Balance, June 30, 2023	- 15,191,480.43

BANKRUPTCY AND INSOLVENCY ACT

FORM 86

Notice of Intention to Enforce Security
(Rule 124)

TO: CANABO MEDICAL CORPORATION, an insolvent person

Take notice that:

1. **RED WHITE & BLOOM BRANDS INC.**, a secured creditor, intends to enforce its security against the following property of the insolvent persons listed above:

All of the property, assets, and undertaking charged by the security described in paragraph 2 of this Notice.

2. The security that is to be enforced is in the form of:

See Schedule "A".

3. The total amount of indebtedness secured by the security as of June 30, 2023 is:


See Schedule "B".

4. The secured creditor will not have the right to enforce the security until after the expiration of the ten (10) day period after this notice is sent unless the insolvent person(s) each consent to an earlier enforcement.

DATED at Toronto this 24th day of July, 2023

RED WHITE & BLOOM BRANDS INC.
BY ITS COUNSEL
GOWLING WLG (CANADA) LLP

Per:



Virginie Gauthier/ Kate Yurkovich

SCHEDULE "A"

SECURITY DOCUMENTS

1. A general security agreement by Canabo Medical Corporation dated as of December 24, 2021;
2. An assignment of insurance monies by Canabo Medical Corporation dated as of December 24, 2021;
3. An environmental warranty and indemnity by Aleafia Health Inc., Emblem Cannabis Corporation, Aleafia Farms Inc., Emblem Corp., Aleafia Inc. and Canabo Medical Corporation dated as of December 24, 2021;
4. All other security granted to Red White & Bloom Brands Inc. and not otherwise listed above.

SCHEDULE "B"

Amount of Indebtedness Owing as of June 30, 2023

RWB loan	
Repayment of Garrington loan on June 6, 2023	- 13,529,857.98
Additional loan received on June 6, 2023	- 1,500,000.00
	- 15,029,857.98
Accrued interest @15.7%	- 161,622.45
Balance, June 30, 2023	- 15,191,480.43

BANKRUPTCY AND INSOLVENCY ACT

FORM 86

Notice of Intention to Enforce Security
(Rule 124)

TO: ALEAFIA INC., an insolvent person

Take notice that:

1. **RED WHITE & BLOOM BRANDS INC.**, a secured creditor, intends to enforce its security against the following property of the insolvent persons listed above:

All of the property, assets, and undertaking charged by the security described in paragraph 2 of this Notice.

2. The security that is to be enforced is in the form of:

See Schedule "A".

3. The total amount of indebtedness secured by the security as of June 30, 2023 is:


See Schedule "B".

4. The secured creditor will not have the right to enforce the security until after the expiration of the ten (10) day period after this notice is sent unless the insolvent person(s) each consent to an earlier enforcement.

DATED at Toronto this 24th day of July, 2023

RED WHITE & BLOOM BRANDS INC.
BY ITS COUNSEL
GOWLING WLG (CANADA) LLP

Per:



Virginie Gauthier/ Kate Yurkovich

SCHEDULE "A"

SECURITY DOCUMENTS

1. A general security agreement by Aleafia Inc. dated as of December 24, 2021;
2. An assignment of insurance monies by Aleafia Inc. dated as of December 24, 2021;
3. A notice of security interest in intellectual property by Aleafia Inc. dated as of December 24, 2021;
4. An environmental warranty and indemnity by Aleafia Health Inc., Emblem Cannabis Corporation, Aleafia Farms Inc., Emblem Corp., Aleafia Inc. and Canabo Medical Corporation dated as of December 24, 2021;
5. All other security granted to Red White & Bloom Brands Inc. and not otherwise listed above.

SCHEDULE "B"

Amount of Indebtedness Owing as of June 30, 2023

RWB loan	
Repayment of Garrington loan on June 6, 2023	- 13,529,857.98
Additional loan received on June 6, 2023	- 1,500,000.00
	- 15,029,857.98
Accrued interest @15.7%	- 161,622.45
Balance, June 30, 2023	- 15,191,480.43

This is Exhibit “MMM” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

June 6, 2023

Aleafia Health Inc.
85 Basaltic Road
Concord, Ontario
L4K 1G4

Attention: Patricia Symmes, Chief Executive Officer

Dear Ms. Symmes:

Re: Proposed Plan of Arrangement Involving Red White & Bloom Brands Inc. and Aleafia Health Inc.

The purpose of this agreement is to outline the basis upon which Red White & Bloom Brands Inc. (“**RWB**”), a corporation governed by the laws of the Province of British Columbia, proposes to acquire all of the issued and outstanding common shares (the “**Aleafia Shares**”) in the capital of Aleafia Health Inc. (“**Aleafia**”), a company governed by the laws of the Province of Ontario, pursuant to a plan of arrangement under the *Business Corporations Act* (Ontario) (the “**Plan of Arrangement**”) and to arrange or otherwise address the issued and outstanding securities of Aleafia convertible into Aleafia Shares.

Concurrent with the entering into of this agreement:

- (a) Aleafia has entered into an agreement in principle with certain holders of the Aleafia Convertible Debentures (as defined below), confirming their agreement to pursue full and final settlement of the Aleafia Convertible Debentures on the basis set out in Section 2 below; and
- (b) the Aleafia Senior Secured Loan Agreement (as defined below) and associated security interests have been assigned in their entirety to RWB.

Based on our discussions, and in consideration of the sum of \$1.00, the respective agreements and covenants herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, we hereby record our agreement as follows:

1. DEFINITIONS

In this agreement, the following expressions have the following meanings:

“**Aleafia**” has the meaning set forth in the first paragraph of this agreement;

“**Aleafia Circular**” means the notice of the Aleafia Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to Aleafia Shareholders in connection with the Aleafia Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement;

“Aleafia Convertible Debentures” means the outstanding debentures issued under the amended and restated debenture indenture providing for the issue of secured convertible debentures dated as of June 27, 2022 between Aleafia and Computershare Trust Company of Canada, as the trustee, as supplemented by:

- (a) the first supplemental indenture dated as of June 27, 2022 (providing for the issue of 8.50% Series A Secured Convertible Debentures Due June 30, 2024),
- (b) the second supplemental indenture dated as of June 27, 2022 (providing for the issue of 8.50% Series B Secured Convertible Debentures Due June 30, 2026), and
- (c) the first supplemental indenture dated as of June 27, 2022 (providing for the issue of 8.50% Series C Secured Convertible Debentures Due June 30, 2028);

“Aleafia Debentureholder Approval” means the approval of a special resolution authorizing the amendments to the indenture governing each series of Aleafia Convertible Debentures by (i) holders of 66 2/3% of the aggregate principal amount of each such series of Aleafia Convertible Debentures by way of written consent, or (ii) by 66 2/3% of the principal amount of each such series of Aleafia Convertible Debentures represented in person or by proxy at a meeting or meetings of holders of each such series of Aleafia Convertible Debentures; (iii) any minority approval required by 61-101, if applicable; and (iv) any other approvals required by the TSX or CSE, if applicable;

“Aleafia DSU Plan” means the deferred share unit plan for directors approved by Aleafia Shareholders on June 30, 2020;

“Aleafia DSUs” means the outstanding deferred share units to purchase Aleafia Shares issued pursuant to the Aleafia DSU Plan;

“Aleafia Filings” means all documents of Aleafia publicly filed under the profile of Aleafia on the System for Electronic Document Analysis Retrieval (SEDAR) since March 31, 2022;

“Aleafia Meeting” means the special meeting of Aleafia Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Aleafia Circular and agreed to in writing by RWB, acting reasonably;

“Aleafia Option Plan” means the amended and restated stock option plan approved by Aleafia Shareholders on June 17, 2019, as further amended effective June 30, 2020;

“Aleafia Options” means the outstanding options to purchase Aleafia Shares issued pursuant to the Aleafia Option Plan;

“Aleafia RSU Plan” means the amended and restated restricted share unit plan approved by Aleafia Shareholders on June 30, 2020;

“Aleafia RSUs” means the outstanding restricted share units to purchase Aleafia Shares issued pursuant to the Aleafia RSU Plan;

“Aleafia Second-Ranking Secured Credit Agreement” means the credit agreement dated as of August 20, 2021 between Aleafia, as borrower, and 1260356 Ontario Limited, as lender, as amended including by amending agreement no. 1 made as of December 24, 2021, and as further amended by a letter agreement dated June 23, 2022;

“Aleafia Senior Secured Loan Agreement” means the loan agreement made as of December 24, 2021 between Aleafia and certain of its subsidiaries, as borrower, with certain of Aleafia’s other subsidiaries as guarantors, and NE SPC II LP, as lender, as amended on March 28, 2022, June 17, 2022, April 26, 2023, May 15, 2023 and May 31, 2023 and which concurrently with the entering into of this agreement was assigned by NE SPC II LP to RWB;

“Aleafia Shareholder Approval” means the approval of the Arrangement Resolution by: (i) 66^{2/3}% of the votes cast on the Arrangement Resolution by Aleafia Shareholders present in person or by proxy at the Aleafia Meeting; (ii) any minority approval required by 61-101, if applicable; and (iii) any other approvals required by the TSX or CSE, if applicable;

“Aleafia Shareholders” means the registered or beneficial holders of Aleafia Shares, as the context requires;

“Aleafia Shares” has the meaning set forth in the first paragraph of this agreement;

“Aleafia Warrants” means the outstanding warrants to purchase Aleafia Shares issued under:

- (a) the warrant certificate dated August 20, 2021 for up to 1,000,000 warrants, each exercisable prior to 5:00 p.m. (Toronto time) on August 20, 2023, at a purchase price of \$0.32 per Aleafia Share, as adjusted, and
- (b) the warrant certificates dated as of June 24, 2022 for up to 34,075,756 warrants, each exercisable prior to 5:00 p.m. (Toronto time) on June 24, 2026, at a purchase price of \$0.1025 per Aleafia Share, as adjusted;

“Arrangement” means an arrangement under Section 182 of the OCBA, on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Arrangement Agreement and the provisions of the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of Aleafia and RWB, each acting reasonably;

“Arrangement Agreement” means the binding written agreement to be entered into between RWB and Aleafia providing for, among other things, the Arrangement as contemplated herein, which agreement will be on terms and conditions mutually satisfactory to RWB and Aleafia, acting reasonably, and will include, without limitation, the terms and conditions referred to in Section 3(a) hereof;

“Arrangement Resolution” means the special resolution of Aleafia Shareholders approving the Plan of Arrangement to be considered at the Aleafia Meeting;

“Business Day” means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario;

“Consideration” means the consideration to be received by Aleafia Shareholders pursuant to the Plan of Arrangement as consideration for their Aleafia Shares, consisting of 0.35 of an RWB

Share for each Aleafia Share, subject to adjustment in customary circumstances to be contemplated in the Arrangement Agreement, on the basis set out in the Plan of Arrangement;

“Consideration Shares” means the RWB Shares to be issued as the Consideration pursuant to the Arrangement;

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

“CSE” means the Canadian Securities Exchange;

“Effective Date” means the date on which the Arrangement becomes effective, which date will not be later than 5:00 p.m. (Toronto time) on October 31, 2023;

“Effective Time” means the time that the Arrangement become effective on the Effective Date;

“End Date” means the earlier of the date on which the Arrangement Agreement is executed and July 31, 2023;

“Final Order” means the final order of the Court made pursuant to Subsection 182(5) of the OBCA in a form acceptable to Aleafia and RWB, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both Aleafia and RWB, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or dismissed, as affirmed or as amended (provided that any such amendment is acceptable to both Aleafia and RWB, each acting reasonably) on appeal;

“Governmental Entity” means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange, including the CSE, the TSX, the OTCQX and the OTCQB;

“Interim Order” means the interim order of the Court made pursuant to Section 182 of the OBCA in a form acceptable to Aleafia and RWB, each acting reasonably, providing for, among other things, the calling and holding of the Aleafia Meeting, as such order may be amended by the Court with the consent of Aleafia and RWB, each acting reasonably;

“Law” means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, notice, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended;

“MI 61-101” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

“OBCA” means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Person**” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

“**Plan of Arrangement**” has the meaning set forth in the first paragraph of this agreement;

“**Replacement RWB Option**” has the meaning set out in Section 2(b) below;

“**RWB**” has the meaning set forth in the first paragraph of this agreement;

“**RWB Credit Facility**” has the meaning set forth in the first paragraph of Section 4 below;

“**RWB Filings**” means all documents of RWB publicly filed under the profile of RWB on the System for Electronic Document Analysis Retrieval (SEDAR) since March 31, 2022;

“**RWB Shareholder Approval**” means (i) any RWB Shareholder approvals required by the CSE, if applicable; and (ii) any minority approval required by 61-101, if applicable;

“**RWB Shareholders**” means the holders of RWB Shares;

“**RWB Shares**” means the common shares in the capital of RWB;

“**Section 3(a)(10) Exemption**” means the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof;

“**Securities Laws**” means (a) the *Securities Act* (Ontario) and any other applicable provincial securities Laws, (b) the U.S. Securities Act and the U.S. Exchange Act and the rules and regulations promulgated thereunder, and (c) the rules and regulations of the CSE and TSX;

“**Termination Fee**” means \$2 million;

“**TSX**” means the Toronto Stock Exchange;

“**U.S. Exchange Act**” means the United States *Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder; and

“**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder.

Additional definitions are set forth in Schedule “A” hereto.

Unless otherwise specified, the “\$” sign refers to Canadian currency.

2. PLAN OF ARRANGEMENT AND RELATED MATTERS

Subject to satisfaction or, where permitted, waiver of all conditions precedent in the Arrangement Agreement, the Plan of Arrangement will be completed with:

- (a) Aleafia Shareholders at the Effective Time receiving Consideration Shares in exchange for their Aleafia Shares on the basis of the Consideration;

- (b) holders of Aleafia Options at the Effective Time receiving options to purchase RWB Shares (each a “**Replacement RWB Option**”) in exchange for their Aleafia Options on the basis of the Consideration;
- (c) each Aleafia RSU issued and outstanding at the Effective Time automatically vesting and holders of previous Aleafia RSUs receiving Consideration Shares in exchange for their Aleafia Shares on the basis of the Consideration; and
- (d) each Aleafia DSU issued and outstanding at the Effective Time automatically vesting and holders of previous Aleafia DSUs receiving Consideration Shares in exchange for their Aleafia Shares on the basis of the Consideration.

In addition, holders of Aleafia Convertible Debentures will receive an aggregate of \$6 million in cash in full and final settlement of the outstanding principal plus accrued interest and any other amounts owing in respect of the Aleafia Convertible Debentures at the Effective Time, such consideration to be allocated to the holders of the Aleafia Convertible Debentures based on the outstanding face value at the Effective Time as determined by Aleafia.

In addition, as a result of RWB’s acquisition of Aleafia, following the Effective Time, the exercise of an Aleafia Warrant will entitle the holder thereof to receive the Consideration in accordance with the terms and conditions of the respective warrant certificate.

No fractional RWB Shares will be issued in connection with any of the foregoing. If the aggregate number of RWB Shares to which a security holder of Aleafia would be entitled would include a fractional share, then the number of RWB Shares that such security holder of Aleafia will be entitled to receive will be rounded down to the next whole number and no former security holder of Aleafia will be entitled to any consideration or compensation in respect of such fractional RWB Shares.

3. ARRANGEMENT AGREEMENT STEPS

- (a) On or before 5:00 p.m. (Toronto time) on the End Date, the parties will execute and deliver the Arrangement Agreement, provided that prior thereto:
 - (i) each party will have completed its confirmatory due diligence on the other party to its satisfaction;
 - (ii) the board of directors of Aleafia will have received an opinion from an investment banking firm selected by the disinterested members of the board of directors of Aleafia, in their sole discretion, that the Consideration to be provided to Aleafia Shareholders in exchange for their Aleafia Shares pursuant to the Arrangement is fair, from a financial point of view, to Aleafia Shareholders, which opinion will not have been amended or withdrawn, and if required by MI 61-101 and no exemption is available, a formal valuation prepared in accordance with MI 61-101 from an independent valuator selected by the board of directors of Aleafia, in its sole discretion, that confirms that the value of the Consideration is not less than the value of the Aleafia Shares, which value will not have been amended or withdrawn;
 - (iii) the consent of the lender under the Aleafia Second-Ranking Secured Credit Agreement to the Arrangement will have been obtained by Aleafia; and

- (iv) the waiver by the lender under the promissory notes issued by Aleafia dated December 15, 2022, January 24, 2023 and February 28, 2023 to the acceleration of the maturity date will have been obtained by Aleafia, if applicable.
- (b) The Arrangement Agreement will contain, among other things, the conditions set forth in Section 3(d) below, the conditions in favour of RWB set forth in Schedule "B" hereto, the conditions in favour of Aleafia set forth in Schedule "C" hereto, the representations and warranties of Aleafia set forth in Schedule "D" hereto, the representations and warranties of RWB set forth in Schedule "E" hereto, the covenants of Aleafia set forth in Schedule "F" hereto, and the covenants of RWB set forth in Schedule "G" hereto, in each case, in substantially the form provided for herein, as the same may be varied, in good faith, on a commercially reasonable basis by the parties, and other customary representations, warranties, covenants and conditions and other terms and conditions mutually satisfactory to Aleafia and RWB, each acting reasonably.
- (c) On or before the time that the Arrangement Agreement is executed and delivered, each of the Supporting Securityholders will have executed and delivered a support and voting agreement in a form to be agreed upon between Aleafia and RWB.
- (d) On or before the Effective Date:
 - (i) the Aleafia Shareholder Approval, including approval of the Arrangement Resolution, will have been obtained in accordance with the Interim Order and RWB Shareholder Approval, if required, will have been obtained;
 - (ii) the Aleafia Debentureholder Approval will have been obtained;
 - (iii) the Interim Order and the Final Order will have both been obtained on terms consistent with the Arrangement Agreement, and will have not been set aside or modified in a manner unacceptable to RWB or Aleafia, each acting reasonably, on appeal or otherwise;
 - (iv) the Consideration Shares to be issued upon completion of the Arrangement and the RWB Shares to be issued upon the exercise from time to time of the Replacement RWB Options and the Aleafia Warrants, will, subject only to the satisfaction of customary conditions required by the CSE, have been approved for listing on the CSE as of the Effective Date and the CSE will have, if required, accepted notice for filing of all transactions of the parties contemplated in the Arrangement Agreement or necessary to complete the Arrangement, subject only to compliance with the usual requirements of the CSE;
 - (v) the issuance of the Consideration Shares will be exempt from the registration requirements of the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption;
 - (vi) the distribution of the Consideration Shares and RWB Replacement Options pursuant to the Arrangement will be exempt from the prospectus and registration requirements of applicable Securities Laws either by virtue of exemptive relief from the securities regulatory authorities in the applicable provinces of Canada or by virtue of exemptions under applicable Securities Laws and will not be subject to resale restrictions under applicable Securities Laws (other than as applicable to

control persons or pursuant to Section 2.6 of National Instrument 45-102 – *Resale of Securities*); and

- (vii) no court or Governmental Entity of competent jurisdiction will have enacted, issued, promulgated, enforced or entered any Law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits consummation of the Arrangement in accordance with the terms of the Arrangement Agreement.

4. COVENANTS

Within 30 days of the date hereof, RWB and Aleafia will negotiate in good faith a credit facility to be provided by RWB to Aleafia of \$17.5 million (the “**RWB Credit Facility**”) to facilitate (1) the funding of the cash settlement of the Aleafia Convertible Debentures on the basis set out in Section 2 above and (2) the funding for prospective working capital requirements following the completion of the Plan of Arrangement. The RWB Credit Facility shall include, amongst other conditions certain covenants and reporting requirements to be agreed upon between RWB and Aleafia, including, but not limited to:

- (a) approval by the Chief Financial Officer of RWB of all cash disbursements in excess of \$250,000 not otherwise contemplated in the previously approved and applicable (based on date of approvals required) rolling 13 week cash flow (referred to in Section 4(b) below) to be agreed upon in writing between Aleafia and RWB, acting reasonably, within three (3) business days prior to a requested cash advance, prior to release (such additional expenditures to be provided in consolidated format to RWB for review)
- (b) providing a rolling 13 week cash flow to RWB reconciled each week to actual net cash collections/disbursements with management commentary on variances;
- (c) updated weekly accounts receivable and accounts payable aging schedules;
- (d) updated weekly accounts payable accruals schedule including statutory payables;
- (e) updated weekly open purchase order summaries;
- (f) rolling 13 week capital expenditure reports to RWB reconciling historical approved disbursements and prospective disbursements for approval by RWB;
- (g) updated weekly headcount summary with turnover details, with employee details organized by department, including but not limited to base pay/hourly wage and date of hire;
- (h) Operating expense reductions, defined by Aleafia and agreed to by RWB, associated with the closure of the Basaltic facility and targeted headcount reductions, exclusive of those incorporated in the closure of the Basaltic facility, to be executed by no later than June 30, 2023 and completed by no later than August 31, 2023;
- (i) an acceleration clause of the due date of the RWB Credit Facility in the event that either party terminates this agreement or the Arrangement Agreement, the board of directors of Aleafia does not unanimously recommend that Aleafia Shareholders vote in favour of the Arrangement Resolution or the Arrangement fails to gain any of the prerequisite approvals

required to close, including but not limited to any required security holder approvals, such as the Aleafia Debentureholder Approval, or court approval of the Arrangement, or if any of the conditions to closing are not satisfied or waived.

During the period from the date of this agreement to the termination of this agreement pursuant to Section 6 hereof:

- (a) Aleafia and RWB will each provide all information and documentation reasonably requested by the other for their confirmatory due diligence;
- (b) Aleafia will comply with the covenants set forth in Schedule "F" hereto; and
- (c) RWB will comply with the covenants set forth in Schedule "G" hereto.

5. PRESS RELEASES

On execution of this agreement, each of Aleafia and RWB will issue a press release in compliance with its timely disclosure obligations. Each of Aleafia and RWB will consult with the other in connection with the issue of such press release and the preparation of a material change report filing with the appropriate regulatory authorities.

6. TERMINATION

- (a) Aleafia may terminate this agreement by written notice to RWB:
 - (i) in the specific circumstances permitted in Schedule "F(II)(8)", subject only to the payment of the Termination Fee by Aleafia to RWB (and RWB agrees that the payment of the Termination Fee by Aleafia is the sole and exclusive remedy of RWB in respect of the events giving rise to the payment of the Termination Fee), provided that no Termination Fee will be payable if, at the time of such termination, RWB is in default of any of its obligations hereunder; or
 - (ii) in the event that Aleafia requests but does not receive an opinion from an investment banking firm selected by the disinterested members of the board of directors of Aleafia that the Consideration to be provided to Aleafia Shareholders in exchange for their Aleafia Shares pursuant to the Arrangement is fair, from a financial point of view, to Aleafia Shareholders or, if required by MI 61-101 and no exemption is available, Aleafia does not receive a formal valuation from an independent valuator selected by the board of directors of Aleafia that confirms that the value of the Consideration is not less than the value of the Aleafia Shares.
- (b) RWB and Aleafia may each terminate this agreement at any time prior to the End Date if their confirmatory due diligence on the other party results in a discovery of a "material fact" as such term is defined in the *Securities Act* (Ontario) relating to the other party that has not been disclosed in the Aleafia Filings or RWB Filings, as applicable, and which would reasonably be expected to have a Material Adverse Effect on Aleafia or RWB, respectively.
- (c) Either RWB or Aleafia may terminate this agreement by written notice to the other party if the Arrangement Agreement is not executed on or before 5:00 p.m. (Toronto time) on July 31, 2023.

- (d) This agreement will terminate automatically without any further act of the parties upon execution and delivery of the Arrangement Agreement by the parties.

7. GOOD FAITH

Each of RWB and Aleafia agrees to negotiate the Arrangement Agreement in good faith and to take all such actions as are necessary or desirable to settle, execute and deliver the Arrangement Agreement on or prior to 5:00 p.m. (Toronto time) on July 31, 2023.

8. GENERAL

- (a) Except as otherwise set out herein, each party will be responsible for and bear all of its own costs and expenses incurred in connection with the transactions contemplated hereby.
- (b) This agreement and the Arrangement Agreement will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (c) Time will be of the essence of this agreement.
- (d) This agreement may be executed in any number of counterparts and may be delivered by electronic means. Each executed counterpart will be deemed to be an original and all executed counterparts taken together will constitute one agreement.
- (e) Unless otherwise expressly provided in this agreement, any notice or other communication to be given under this agreement (a “notice”) will be in writing addressed as follows:

in the case of RWB, to it at:

789 West Pender Street, Suite 810
Vancouver, British Columbia
V6C 1H2

Attention: Edoardo Mattei, Chief Financial Officer
Email: eddie.mattei@redwhitebloom.com

with a copy to (which will not constitute notice):

Gowling WLG (Canada) LLP
Suite 1600, 1 First Canadian Place
100 King Street West
Toronto, Ontario M5X 1G5

Attention: Jason A. Saltzman
Email: jason.saltzman@gowlingwlg.com

in the case of Aleafia, to it at:

Aleafia Health Inc.
85 Basaltic Road

Concord, Ontario
L4K 1G4

Attention: Patricia Symmes, Chief Executive Officer
Email: triciasymmes@aleafiahealth.com

with a copy to (which will not constitute notice):

Aird & Berlis LLP
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada
M5J 2T9

Attention: Melanie Cole
Email: mcole@airdberlis.com

Each notice will be sent by hand delivery, courier or email and is deemed to be given and received: (i) on the date of delivery by hand or courier if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in the place of receipt), and otherwise on the next Business Day; or (ii) if sent by email on the date of transmission if it is a Business Day and transmission was made prior to 5:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day.

- (f) This agreement enures to the benefit of and is binding upon the parties to this agreement and their successors and permitted assigns; provided that this agreement will not be assignable by either party without the prior written consent of the other.
- (g) This agreement (including all schedules) constitutes the entire agreement between RWB and Aleafia relating to the transactions contemplated hereby and it supersedes and extinguishes any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature, whether or not in writing.
- (h) No waiver of any right, nor any amendment, extension, or other modification of this agreement will be effective unless signed in writing by each of RWB and Aleafia.

[Remainder of page intentionally left blank]

Kindly indicate your acknowledgement of and agreement with the foregoing by signing the enclosed copy of this letter in the place provided below.

Yours very truly,

RED WHITE & BLOOM BRANDS INC.

DocuSigned by:

Edoardo Mattei
Chief Financial Officer

The foregoing is acknowledged and agreed this ____ day of June, 2023

ALEAFIA HEALTH INC.

Patricia Symmes
Chief Executive Officer

Kindly indicate your acknowledgement of and agreement with the foregoing by signing the enclosed copy of this letter in the place provided below.

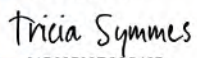
Yours very truly,

RED WHITE & BLOOM BRANDS INC.

Edoardo Mattei
Chief Financial Officer

The foregoing is acknowledged and agreed this 6th day of June, 2023

ALEAFIA HEALTH INC.

DocuSigned by:

01B88568EC0C42B

Patricia Symmes
Chief Executive Officer

Schedule "A" **Additional Definitions**

In this agreement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized will have the meanings ascribed to them below:

"Acquisition Proposal" means, other than the transactions contemplated by this agreement, any offer, proposal or inquiry (written or oral) from any Person or group of Persons (other than RWB and/or one or more of its wholly owned subsidiaries) whether or not delivered to the shareholders of Aleafia, after the date of this agreement relating to:

- (a) any sale or disposition (or any license, lease, long-term supply agreement or other arrangement having the same economic effect as a sale or disposition), direct or indirect, of assets (including voting, equity or other securities of subsidiaries) or joint venture, partnership or similar transaction representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of Aleafia and its subsidiaries, or of 20% or more of the voting or equity securities (or rights or interests in such voting or equity securities) of Aleafia or any of its subsidiaries whose assets, individually or in the aggregate, represent 20% or more of the consolidated assets of Aleafia and its subsidiaries;
- (b) any take-over bid, exchange offer, issuance of securities or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning or having the right to acquire 20% or more of any class of voting or equity securities of Aleafia on a fully-diluted basis;
- (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, debt exchange, business combination, reorganization, joint venture, partnership or similar transaction, recapitalization, liquidation, dissolution or winding up or similar transaction involving Aleafia or any of its subsidiaries that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of the voting or equity securities of Aleafia or any of its subsidiaries or of the surviving entity or the resulting direct or indirect parent of the surviving entity; or
- (d) any other similar transaction or series of transactions involving Aleafia or any of its subsidiaries;

"Aleafia Disclosure Letter" means the disclosure letter to be delivered by Aleafia to RWB in connection with, and upon the execution of, the Arrangement Agreement;

"Aleafia Nominees" means two individuals to be nominated by the board of directors of Aleafia;

"Contract" means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding, joint venture, partnership, note, instrument, or other right or obligation (whether written or oral) to which a party, or any of its subsidiaries, is a party or by which a party, or any of its subsidiaries, is bound or affected or to which any of their respective properties or assets is subject;

"Fairness Opinion" means an opinion of the Financial Advisor to the effect that, as of the date of such opinion, the Consideration to be received by Aleafia Shareholders is fair, from a financial point of view, to such holders;

“Financial Advisor” means the investment banking firm selected by the disinterested members of the board of directors of Aleafia to provide a fairness opinion;

“IFRS” means International Financial Reporting Standards, as issued by the International Accounting Standards Board, applicable as at the date on which the calculation is made or required to be made, applied on a consistent basis;

“Material Adverse Effect” means, in respect of any party, as applicable, any change, event, occurrence, effect or circumstance that, individually or in the aggregate with other changes, events, occurrences, effects or circumstances, is or could reasonably be expected to be material and adverse to the business, operations, results of operations, assets, properties, capitalization, financial condition, liabilities (contingent or otherwise) or cash flows of a party and its subsidiaries, taken as a whole, except any such change, event, occurrence, effect, or circumstance resulting from or arising in connection with:

- (a) any change generally affecting the industries in which the party and its subsidiaries operate;
- (b) any change in general economic, business, regulatory, political or market conditions or in financial or capital markets in Canada or the United States;
- (c) any adoption, proposal, implementation or change in Law or any interpretation of Law by any Governmental Entity;
- (d) any change in IFRS;
- (e) any act of terrorism or any outbreak of hostilities or declared or undeclared war (or any escalation or worsening thereof);
- (f) any epidemics, pandemics or disease outbreak or other public health condition, earthquakes, volcanoes, tsunamis, hurricanes, tornados or other natural disasters or acts of God;
- (g) any change in the market price or trading volume of any securities of the party (provided, however, that the causes underlying such failure may be considered to determine whether such causes constitute a Material Adverse Effect);
- (h) the failure of the party to meet any internal or published projections, forecasts or estimates of revenues, earnings or cash flow for any period ending on or after the date of this agreement (provided, however, that the causes underlying such failure may be considered to determine whether such causes constitute a Material Adverse Effect);
- (i) the announcement of this agreement or the transactions contemplated hereby; or
- (j) any action taken by the party or any of its subsidiaries which is required to be taken pursuant to this agreement,

provided, however, that with respect to clauses (a) through to and including (f), such matter does not have a materially disproportionate effect on the party and its subsidiaries, taken as a whole, relative to other comparable companies and entities operating in the industries in which the party and its subsidiaries operate;

“Material Contract” means, with respect to a party:

- (a) any Contract that has been, or is required to be, filed by such party with securities regulators under Section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations*;
- (b) any Contract under which indebtedness of such party or its subsidiaries for borrowed money in excess of \$250,000 is outstanding or may be incurred or pursuant to which any property or asset of such party or its subsidiaries is mortgaged, pledged or otherwise subject to a lien securing indebtedness; any Contract under which such party or its subsidiaries has directly or indirectly guaranteed any liabilities or obligations of any Person in excess of \$250,000; or any Contract restricting the incurrence of indebtedness by such party or its subsidiaries or the incurrence of liens on any properties, other than permitted liens, or securities of such party or its subsidiaries or restricting the payment of dividends or other distributions;
- (c) any Contract under which such party or any of its subsidiaries is obliged to make payments, or receives payments in excess of, \$250,000 over the life of such Contract;
- (d) any lease of real property;
- (e) any Contract providing for the purchase, sale or exchange of, or option to purchase, sell or exchange, any property or asset where the purchase or sale price or agreed value or fair market value of such property or asset exceeds \$250,000;
- (f) any Contract providing for the establishment, investment in, organization or formation of any joint venture, limited liability company, partnership or similar entity that creates an exclusive dealing arrangement or right of first offer or refusal that materially limits the business of such party or any of its subsidiaries;
- (g) any shareholders or stockholders agreements, registration rights agreements, voting trusts, proxies or similar agreements, arrangements or commitments with respect to any shares or other equity interests of such party or its subsidiaries or any other Contract relating to disposition, voting or dividends with respect to any shares or other equity securities of such Party or any of its subsidiaries;
- (h) any Contract entered into in the past 12 months or in respect of which the applicable transaction has not yet been consummated for the acquisition or disposition, directly or indirectly (by merger or otherwise), of material assets or shares (or other equity interests) of another Person for aggregate consideration in excess of \$250,000;
- (i) any Contract providing for indemnification by such party or its subsidiaries, other than Contracts which provide for indemnification obligations of less than \$250,000;
- (j) any Contract that contains any material exclusivity or non-solicitation obligations of such party or any of its subsidiaries;
- (k) any Contract providing for severance or change of control payments in excess of \$250,000;

- (l) any Contract that limits or restricts in any material respect (i) the ability of such party or any of its subsidiaries, taken as a whole, to engage in any line of business or carry on business in any geographic area, or (ii) the scope of Persons to whom such party or any of its subsidiaries may sell products or deliver services;
- (m) any Contract that gives another Person the right to purchase or license an unlimited quantity or volume of, or enterprise-wide scope of use of, such party's products or services (or licenses to such party products or services) for a fixed aggregate price at no additional charge, or under which such party grants most-favoured customer pricing, rights of first refusal or similar rights or terms to any Person;
- (n) any Contract that pertains to the acquisition, licensing, or disposition of any intellectual property material to such Party or any of its subsidiaries (excluding "click-through" or "shrink-wrap" licenses of generally commercially available software entered into in the ordinary course of business) or that includes a grant to or from such party or any of its subsidiaries of any exclusive rights with respect to any such intellectual property; or
- (o) any standstill or similar Contract currently restricting the ability of such party to offer to purchase or purchase the assets or equity securities of another Person;

"ordinary course" or any similar reference, means, with respect to an action taken or to be taken by any Person, that such action is substantially consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day business and operations of such Person and, in any case, is not unreasonable in the circumstances when considered in the context of the provisions of the Arrangement Agreement, the Aleafia Senior Secured Loan Agreement and the RWB Credit Facility;

"Regulatory Approval" means any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case required in connection with the Arrangement;

"RWB Disclosure Letter" means the disclosure letter to be delivered by RWB to Aleafia in connection with, and upon the execution of, the Arrangement Agreement;

"Securities Authorities" means the Ontario Securities Commission and the applicable securities commission or securities regulatory authority of each of the other provinces and territories of Canada;

"Superior Proposal" means any unsolicited *bona fide* written Acquisition Proposal from a Person who is an arm's length third party made after the date of this agreement: (i) to acquire all of the outstanding Aleafia Shares not beneficially owned by such arm's length third party or all or substantially all of the assets of Aleafia on a consolidated basis; (ii) that complies with Securities Laws in all material respects and did not result from or involve a breach of Schedule "F(II)"; (iii) that is reasonably capable of being completed without undue delay relative to the Arrangement, taking into account all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal; (iv) that is not subject to any financing condition and in respect of which adequate arrangements have been made to ensure that the required funds or other consideration will be available to effect payment in full for all of the Aleafia Shares or assets, as the case may be; (v) that is not subject to any due diligence or access condition; and (vi) that the disinterested members of the board of directors of Aleafia determine, in their good faith judgment,

after receiving the advice of its outside legal and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to Aleafia Shareholders, than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by RWB pursuant to the right to match provisions in Schedule "F(II)");

"Supporting Securityholders" means, collectively, all members of the board of directors of Aleafia, all officers of Aleafia and certain other security holders of Aleafia, as agreed between Aleafia and RWB;

"Tax Act" means the *Income Tax Act* (Canada);

"Tax Returns" means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes; and

"Taxes" means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, 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, provincial 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; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) 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.

Schedule "B"
Conditions in Favour of RWB

The obligation of RWB to complete the Arrangement will be subject to the fulfilment of the following additional conditions at the Effective Time:

- (a) the representations and warranties made by Aleafia in the Arrangement Agreement relating to:
 - (i) board approval, fairness opinion, organization and qualification, and authority will be true and correct in all respects as of the date of the Arrangement Agreement and at the Effective Time;
 - (ii) capitalization will be true and correct in all material respects as of the date of the Arrangement Agreement and at the Effective Time; and
 - (iii) all other matters will be true and correct in all respects (disregarding any materiality qualifier therein) as of the date of the Arrangement Agreement and at the Effective Time, unless the failure of such representations and warranties to be true and correct in all respects would not have a Material Adverse Effect on Aleafia,

and Aleafia will have provided to RWB a certificate of two senior officers thereof certifying such accuracy on the Effective Date;
- (b) Aleafia will have complied in all material respects with its covenants in the Arrangement Agreement and Aleafia will have provided to RWB a certificate of two senior officers thereof certifying that it has so complied with such covenants;
- (c) since the date of the Arrangement Agreement, there will not have occurred, or have been disclosed to the public (if previously undisclosed to the public), any change, event, occurrence, effect or circumstance that, individually or in the aggregate with other changes, events, occurrences, effects or circumstances, has had or could reasonably be expected to have, a Material Adverse Effect on Aleafia, and Aleafia will have provided to RWB a certificate of two senior officers thereof confirming same, with respect to Aleafia;
- (d) dissent rights will not have been exercised (excluding any dissent rights that have been exercised and subsequently withdrawn) with respect to more than 5% of the issued and outstanding Aleafia Shares;
- (e) at its request, RWB will have received resignations and mutual releases from each director of Aleafia and its subsidiaries effective as of the Effective Date, in a form satisfactory to RWB, acting reasonably;
- (f) the consent of the holders of the Aleafia Convertible Debentures to the full and final settlement of the Aleafia Convertible Debentures in accordance with the terms hereof will have been obtained by Aleafia;
- (g) the Aleafia Senior Secured Loan Agreement will be in good standing; and
- (h) such other customary conditions regarding no legal action, litigation and regulatory approval and consents.

Schedule "C"
Conditions in Favour of Aleafia

The obligation of Aleafia to complete the Arrangement will be subject to the fulfilment of the following additional conditions at the Effective Time:

- (a) the representations and warranties made by RWB in the Arrangement Agreement relating to:
 - (i) board approval, organization and qualification, and authority will be true and correct in all respects as of the date of the Arrangement Agreement and at the Effective Time;
 - (ii) capitalization will be true and correct in all material respects as of the date of the Arrangement Agreement and at the Effective Time; and
 - (iii) all other matters will be true and correct in all respects (disregarding any materiality qualifier therein) as of the date of the Arrangement Agreement and at the Effective Time, unless the failure of such representations and warranties to be true and correct in all respects would not have a Material Adverse Effect on RWB,

and RWB will have provided to Aleafia a certificate of two senior officers thereof certifying such accuracy on the Effective Date;

- (b) RWB will have complied in all material respects with its covenants in the Arrangement Agreement and RWB will have provided to Aleafia a certificate of two senior officers thereof certifying that it has so complied with such covenants;
- (c) the depositary appointed in connection with the Arrangement will have confirmed receipt of the Consideration Shares, as well as the \$6 million in cash for the Aleafia Convertible Debentures from RWB;
- (d) since the date of the Arrangement Agreement, there will not have occurred, or have been disclosed to the public (if previously undisclosed to the public), any change, event, occurrence, effect or circumstance that, individually or in the aggregate with other changes, events, occurrences, effects or circumstances, has had or could reasonably be expected to have, a Material Adverse Effect on RWB, and RWB will have provided to Aleafia a certificate of two senior officers thereof confirming same, with respect to RWB;
- (e) RWB will have taken such steps to reconstitute the board of directors of RWB such that it will consist of seven directors as of the Effective Date, five of whom will be designated by the current directors and management of RWB and two of whom will be the Aleafia Nominees; and
- (f) such other customary conditions regarding no legal action, litigation and regulatory approval and consents.

Schedule “D”
Aleafia Representations and Warranties

In connection with, and effective upon, Aleafia’s execution and delivery of the Arrangement Agreement, Aleafia hereby represents and warrants to RWB as follows:

- (a) **Board Approval.** As of the date hereof, the board of directors of Aleafia, after consultation with its financial and legal advisors, has determined that the Plan of Arrangement is fair to security holders of Aleafia and is in the best interests of Aleafia and has unanimously resolved (i) to recommend to Aleafia Shareholders that they vote in favour of the Arrangement Resolution and (ii) to recommend to Aleafia Debentureholders that they vote in favour of amendments to the indenture governing each series of Aleafia Convertible Debentures. The board of directors of Aleafia has approved the Arrangement pursuant to the Plan of Arrangement and the execution and performance of the Arrangement Agreement.
- (b) **Fairness Opinion.** The board of directors of Aleafia has received oral confirmation that it will receive, prior to the mailing of the Aleafia Circular, the written opinion of the Financial Advisor, to the effect that, as of the date of such opinion, subject to the assumptions and limitations set out therein, the Consideration to be received by Aleafia Shareholders in connection with the Arrangement is fair, from a financial point of view, to such Aleafia Shareholders, and such written fairness opinion is to be included in the Aleafia Circular.
- (c) **Organization and Qualification.** Aleafia and each of its subsidiaries is a corporation duly incorporated or an entity duly created and validly existing under all applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary corporate or other power, authority and capacity to own its material property and assets as now owned and to carry on its business as it is now being conducted. Aleafia and each of its subsidiaries:
 - (i) has all material permits necessary to conduct its business as now conducted as disclosed in the Aleafia Filings, except where the failure to hold or comply with such permits would not, individually or in the aggregate, have a Material Adverse Effect; and
 - (ii) is duly registered or otherwise authorized and qualified to do business and each is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary, except where the failure to be so qualified will not individually or in the aggregate have a Material Adverse Effect.
- (d) **Authority.** Aleafia has the requisite corporate power, authority and capacity to enter into the Arrangement Agreement and to perform its obligations thereunder. The execution and delivery of the Arrangement Agreement by Aleafia and the performance by Aleafia of its obligations under the Arrangement Agreement have been duly authorized by the board of directors of Aleafia and no other corporate proceedings on its part are necessary to authorize the Arrangement Agreement or the Arrangement pursuant to the Plan of Arrangement other than the Aleafia Shareholder Approval and the Aleafia Debentureholder Approval. The Arrangement Agreement has been duly executed and delivered by Aleafia and constitutes a legal, valid and binding obligation of Aleafia, enforceable against Aleafia in accordance with its terms, subject to the qualification that

such enforceability may be limited by bankruptcy, insolvency, reorganization or other applicable Laws relating to or affecting rights of creditors generally and subject to the qualification that equitable remedies, including specific performance, are discretionary.

(e) **No Violation.** The authorization, execution and delivery of the Arrangement Agreement by Aleafia, the completion of the transactions contemplated by the Arrangement Agreement and the Arrangement pursuant to the Plan of Arrangement and the performance of Aleafia's obligations thereunder in accordance with the terms thereof will not:

(i) violate, conflict with, or result (with or without notice or the passage of time) in a violation or breach of any provision of, or require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or cause any indebtedness to come due before its stated maturity, or cause any credit commitment to cease to be available, or cause any payment or other obligation to be imposed on Aleafia or any of its subsidiaries, under any of the terms, conditions or provisions of:

(A) their respective constating documents; or

(B) any permit or Material Contract to which Aleafia or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Aleafia or any of its subsidiaries is bound; or

(ii) result (with or without notice or the passage of time) in a violation or breach of or constitute a default under any provisions of any Laws applicable to Aleafia or any of its subsidiaries or any of their respective properties or assets; or

(iii) cause the suspension or revocation of any permit currently in effect held by Aleafia or any of its subsidiaries; or

(iv) give rise to any rights of first refusal or trigger any change in control provisions under any note, bond, mortgage, indenture, contract (other than with respect to any benefit of compensation arrangement with an employee, director or consultant), license, franchise or permit to which Aleafia is a party; or

(v) result in the imposition of any liens upon any assets of Aleafia or the assets of any of its subsidiaries.

(f) **Capitalization.**

(i) The authorized share capital of Aleafia consists of an unlimited number of Aleafia Shares. As of the close of business on [insert date], there are issued and outstanding [●] Aleafia Shares.

As of the close of business on [insert date], an aggregate of up to [●] Aleafia Shares are issuable upon the exercise of [●] Aleafia Options, up to [●] Aleafia Shares are issuable upon the vesting of [●] Aleafia RSUs, up to [●] Aleafia Shares are issuable upon the vesting of [●] Aleafia DSUs, up to [●] Aleafia Shares are issuable upon

the exercise of [●] Aleafia Warrants, up to [●] Aleafia Shares are issuable upon the conversion of the Aleafia Convertible Debentures and there are no options (other than the Aleafia Options), units (other than the Aleafia RSUs and the Aleafia DSUs), warrants (other than the Aleafia Warrants), convertible debentures (other than the Aleafia Convertible Debentures), conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Aleafia of any securities of Aleafia (including Aleafia Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of Aleafia (including Aleafia Shares) or of any subsidiary of Aleafia. Other than the Aleafia Shares, the Aleafia Options, the Aleafia RSUs, the Aleafia DSUs, the Aleafia Warrants and the Aleafia Convertible Debentures, there are no securities of Aleafia outstanding.

- (ii) Section [●] of the Aleafia Disclosure Letter sets forth an accurate and complete list of all Aleafia Options, Aleafia RSUs, Aleafia DSUs, Aleafia Warrants and Aleafia Convertible Debentures, including the respective holders, grant dates, number of Aleafia Options, Aleafia RSUs, Aleafia DSUs or Aleafia Warrants, as the case may be, terms of the Aleafia Convertible Debentures, vesting dates, where applicable, and exercise or conversion prices, where applicable. All outstanding Aleafia Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all Aleafia Shares issuable upon the exercise of Aleafia Options and Aleafia Warrants, vesting of the Aleafia RSUs and Aleafia DSUs, and conversion of Aleafia Convertible Debentures, each in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of Aleafia (including the Aleafia Shares, Aleafia Options, Aleafia RSUs, Aleafia DSUs, Aleafia Warrants and Aleafia Convertible Debentures) have been issued in compliance with all applicable Laws. Other than the Aleafia Shares, Aleafia Options, Aleafia RSUs, Aleafia DSUs, Aleafia Warrants and Aleafia Convertible Debentures, as applicable, there are no securities of Aleafia or of any of its subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with Aleafia Shareholders on any matter. There are no outstanding contractual or other obligations of Aleafia or any subsidiary to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities, other than the Aleafia Options, Aleafia RSUs, Aleafia DSUs, Aleafia Warrants and Aleafia Convertible Debentures. There are no outstanding bonds, debentures or other evidences of indebtedness of Aleafia or any of its subsidiaries having the right to vote with the holders of the outstanding Aleafia Shares on any matters.
- (g) **Reporting Status and Securities Laws Matters.** Aleafia is a “reporting issuer” in each of the provinces and territories of Canada and is not on the list of reporting issuers in default under applicable Securities Laws in any of the provinces or territories of Canada. No delisting, suspension of trading in or cease trading order with respect to any securities of Aleafia and, to the knowledge of Aleafia, no inquiry or investigation (formal or informal) of any Securities Authority, is in effect or ongoing or, to the knowledge of Aleafia, expected to be implemented or undertaken.

- (h) **United States Securities Law Matters.** (i) Aleafia does not have, nor is it required to have, any class of securities registered under the U.S. Exchange Act, nor is Aleafia subject to any reporting obligation (whether active or suspended) pursuant to Section 15(d) of the U.S. Exchange Act, and (ii) Aleafia is not, and has never been, subject to any requirement to register any class of its equity securities pursuant to Section 12(g) of the U.S. Exchange Act, is not an investment company registered or required to be registered under the Investment Company Act of 1940 of the United States of America, and is a “foreign private issuer” (as such term is defined in Rule 3b-4 under the U.S. Exchange Act).
- (i) **Absence of Cease Trade Orders.** No order ceasing or suspending trading in the Aleafia Shares (or any of them) or any other securities of Aleafia is outstanding and to the knowledge of Aleafia no proceedings for this purpose have been instituted or, to the knowledge of Aleafia, are pending, contemplated or threatened.
- (j) **Public Filings.** Since March 31, 2022, Aleafia has filed all material documents required to be filed by in accordance with applicable Securities Laws in the provinces and territories of Canada. All such documents and information comprising the Aleafia Filings, as of their respective dates (and the dates of any amendments thereto):
- (i) did not contain any misrepresentation, except as have been corrected by subsequent disclosure; and
 - (ii) complied in all material respects with the requirements of applicable Securities Laws in all of the provinces and territories of Canada, and any amendments to the Aleafia Filings required to be made have been filed on a timely basis with the Securities Authorities in all of the provinces and territories of Canada and the TSX, as applicable. Aleafia has not filed any confidential material change report with any Securities Authority in any of the provinces and territories of Canada that at the date of the Arrangement Agreement remains confidential.
- (k) **No Material Change.** Other than as disclosed in the Aleafia Filings, since March 31, 2022, there has been no material change in respect of Aleafia and its subsidiaries taken as a whole, and the debt, business and material property of Aleafia and its subsidiaries conform in all respects to the description thereof contained in the Aleafia Filings, and there has been no dividend or distribution of any kind declared, paid or made by Aleafia on any Aleafia Shares.
- (l) **Forward-Looking Information.** With respect to forward-looking information contained in Aleafia’s public disclosure filings since March 31, 2022 required to be filed in accordance with applicable Securities Laws:
- (i) Aleafia had a reasonable basis for the forward-looking information as at the date such forward-looking information was disclosed; and
 - (ii) all material forward-looking information is identified as such, and all such documents caution users of forward-looking information that actual results may vary from the forward-looking information and identifies material risk factors that could cause actual results to differ materially from the forward-looking information, and accurately states the material factors or assumptions used to develop forward-looking information.

- (m) **Financial Statements.** Aleafia’s audited consolidated financial statements as at and for the years ended March 31, 2023 and 2022 (including the notes thereto) (collectively, the “**Aleafia Financial Statements**”) were prepared in accordance with IFRS consistently applied (except as otherwise indicated in such financial statements and the notes thereto or in the related report of Aleafia’s independent auditors, and except that the unaudited Aleafia Financial Statements may not contain footnotes and are subject to normal year-end adjustments, none of which individually or in the aggregate will be material in nature or amount) and fairly present in all material respects the consolidated financial position, results of operations and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of Aleafia and its subsidiaries.
- (n) **No Off-Balance Sheet Arrangements.** There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) or liabilities of Aleafia or any subsidiary which are required to be disclosed and are not disclosed or reflected in the Aleafia Financial Statements.
- (o) **Internal Accounting Controls.** Aleafia and each subsidiary maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management’s general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
- (p) **Accounting Policies.** There has been no change in accounting policies of Aleafia since March 31, 2022, other than as disclosed in the Aleafia Financial Statements.
- (q) **Independent Auditors.** To the knowledge of Aleafia, the auditors of Aleafia who reported on and certified the Aleafia Financial Statements are independent public accountants as required by the securities laws of the Province of Ontario, and there has not been any “reportable event” (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) with respect to the auditors.
- (r) **No Undisclosed Liabilities.** Aleafia and its subsidiaries have no outstanding indebtedness or liabilities and none is a party to or bound by any surety-ship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person, other than those specifically identified in the Aleafia Financial Statements or incurred in the ordinary course of business since March 31, 2022.
- (s) **Compliance with Laws, Regulatory Approvals and Authorizations.** All operations of Aleafia and the subsidiaries in respect of or in connection with the Aleafia business assets or otherwise have been and continue to be conducted in compliance in all material respects with all applicable Laws. Aleafia and the subsidiaries have obtained and are in compliance in all material respects with all authorizations to permit them to conduct the Aleafia business as currently conducted or proposed to be conducted. All of the authorizations issued to date are valid and in full force and effect and, except as disclosed in Section [●] of the Aleafia Disclosure Letter, none of Aleafia or any of its subsidiaries has received any correspondence or notice from any Governmental Entity alleging or

asserting material non-compliance with any applicable Laws or authorizations and Aleafia does not know of any basis for any such allegation or assertion. None of Aleafia or any of its subsidiaries has received any notice of proceedings or actions relating to the revocation, suspension, limitation or modification of any authorizations or any notice advising of the refusal to grant any authorization that has been applied for or is in process of being granted and to the knowledge of Aleafia there is no reason to believe that any such Governmental Entity is considering taking or would have reasonable ground to take any such action that would result in a Material Adverse Effect.

- (t) **Compliance with Laws.** Aleafia and its subsidiaries have complied in all material respects with and are not in violation of any applicable Laws, other than non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect.
- (u) **Litigation.** Except as disclosed in Section [●] of the Aleafia Disclosure Letter, there are no material claims, actions, suits, grievances, complaints, regulatory investigations or proceedings pending or, to the knowledge of Aleafia, threatened affecting Aleafia or any of its subsidiaries or affecting any of their respective property or assets at law or in equity before or by any non-governmental organization, community, community group or any Governmental Entity, including matters arising under environmental Laws, which if finally determined adversely to Aleafia or its subsidiaries would be expected to have a Material Adverse Effect. Neither Aleafia nor any of its subsidiaries nor their respective assets or properties is subject to any outstanding material judgment, order, writ, injunction or decree.
- (v) **Restrictions on Business Activities.** To the knowledge of Aleafia, there is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon Aleafia or any of its subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct of the business by any of them as currently conducted, which could reasonably be expected to have a Material Adverse Effect.
- (w) **Taxes.**
 - (i) Aleafia and each of its subsidiaries has duly and timely filed all Tax Returns required to be filed by it prior to the date hereof, except where such failure to file such Tax Return would not be expected to have a Material Adverse Effect and all such Tax Returns are complete and correct in all material respects.
 - (ii) Except as disclosed in Section [●] of the Aleafia Disclosure Letter, Aleafia and each of its subsidiaries has paid on a timely basis all material Taxes which are due and payable, all assessments and reassessments, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published Aleafia Financial Statements.
 - (iii) To the knowledge of Aleafia and except as provided for in the Aleafia Financial Statements and as disclosed in Section Section [●] of the Aleafia Disclosure Letter, no material deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of Aleafia or any of its subsidiaries, and neither Aleafia nor any of its subsidiaries is a party to any action or proceeding for assessment or collection of Taxes and no such event has

been asserted or, to the knowledge of Aleafia, threatened against Aleafia or any of its subsidiaries or any of their respective assets, that would be reasonably expected to have a Material Adverse Effect.

- (iv) To the knowledge of Aleafia and except as disclosed in Section [●] of the Aleafia Disclosure Letter, no claim has been made by any Governmental Entity in a jurisdiction where Aleafia or any of its subsidiaries does not file Tax Returns that Aleafia or any of its subsidiaries is or may be subject to Tax by that jurisdiction.
- (v) To the knowledge of Aleafia and except as disclosed in Section [●] of the Aleafia Disclosure Letter, there are no liens for unpaid Taxes (other than in respect of Taxes not yet due and payable and for which adequate accruals or reserves have been established in accordance with IFRS) upon any of the assets of Aleafia or any of its subsidiaries.
- (vi) Except as disclosed in Section [●] of the Aleafia Disclosure Letter, Aleafia and each of its subsidiaries has withheld or collected all amounts required to be withheld or collected by it on account of material Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by Law to do so.
- (vii) Aleafia and each of its subsidiaries have given to RWB true, correct and complete copies of all their income and capital tax returns and statements of deficiencies for taxable periods, or transactions consummated, for the prior three years, and there are no material omissions in the foregoing.
- (viii) For the purposes of the Tax Act and any other relevant Tax purposes:
 - (A) Aleafia is resident in Canada; and
 - (B) each subsidiary of Aleafia is resident in the jurisdiction in which it is formed, amalgamated and/or continued into and is not resident in any other country.
- (ix) With respect to each outstanding Aleafia Option that was granted to the holder by virtue of the holder's provision of services to Aleafia or a subsidiary, (i) such holder dealt at arm's length (within the meaning of the Tax Act) with Aleafia at the time immediately following the grant of such Aleafia Option and (ii) the exercise price of such Aleafia Option was in accordance with the policies of the TSX.
- (x) **Ownership of Subsidiaries.** Section [●] of the Aleafia Disclosure Letter includes complete and accurate lists of all subsidiaries owned, directly or indirectly, by Aleafia, each of which is wholly-owned. Other than with respect to any rights derived from permitted liens, all of the issued and outstanding securities and other ownership interests in the subsidiaries of Aleafia are duly authorized, validly issued, fully paid and non-assessable, and all such securities and other ownership interests held directly or indirectly by Aleafia are legally and beneficially owned free and clear of all liens, and there are no outstanding options, warrants, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to purchase or acquire, or securities convertible into or exchangeable for, any such securities or other ownership interests in or material assets or properties of any of the subsidiaries of Aleafia. There are no contracts, commitments, agreements, understandings, arrangements or restrictions which require any subsidiaries of Aleafia to issue, sell or deliver any securities or other ownership interests, or any

securities or obligations convertible into or exchangeable for, any securities or other ownership interests. There are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) providing to any third-party the right to acquire any securities or other ownership interests in any subsidiary of Aleafia.

- (y) **Title to Aleafia Business Assets.** Each of Aleafia and its subsidiaries owns or has the right to use all material Aleafia business assets currently owned or used in the Aleafia business, including: (i) all Material Contracts; and (ii) all material Aleafia business assets necessary to enable Aleafia to carry on the Aleafia business as now conducted and as presently proposed to be conducted. Except as disclosed in Section [●] of the Aleafia Disclosure Letter, no third party has any ownership right, title, interest in, claim in, lien against or any other right to any material Aleafia business assets owned by Aleafia.
- (z) **Real Property.**
- (i) The Aleafia owned real property (all of which is described in Section [●] of the Aleafia Disclosure Letter):
- (A) has adequate access to and use of all necessary utilities including, but not limited to, local power grids, potable water and waste water treatment;
- (B) is owned and operated in material compliance with applicable Laws including all reporting and monitoring requirements thereunder, and there are no pending or, to Aleafia's knowledge, any threatened, administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any applicable Laws for such land, which have not been obtained, and there are no authorizations required for the Aleafia owned real property;
- (C) is the only real property currently owned by Aleafia or any subsidiary;
- (D) is in material compliance with all zoning requirements of any applicable Governmental Entity, and
- (ii) Aleafia or its subsidiaries is the absolute beneficial owner of, and has a good and marketable beneficial interest in, the Aleafia owned real property, free and clear of all encumbrances, except for permitted liens.
- (aa) **Leased Premises.** With respect to each of the Aleafia leased premises (all of which are described in Section [●] of the Aleafia Disclosure Letter), Aleafia and/or each subsidiary occupies the Aleafia leased premises and has the right to occupy and use the Aleafia leased premises and each of the leases pursuant to which Aleafia or any subsidiary occupies the Aleafia leased premises is in good standing and in full force and effect. The performance of obligations pursuant to and in compliance with the terms of the Arrangement Agreement, and the completion of the Arrangement, will not afford any of the parties to such leases or any other Person the right to terminate any such lease or result in any additional or more onerous obligations under such leases.
- (bb) **Assets in Good Condition.** All material physical Aleafia business assets are in good operating condition and in a state of good maintenance and repair having regard to the use to which the assets are put and the age thereof, normal wear and tear excepted.

- (cc) **Privacy Protection.** Each of Aleafia and its subsidiaries have security measures and safeguards in place to protect personal information against loss or theft, as well as unauthorized access, disclosure, copying, use or modification. To its knowledge, Aleafia and its subsidiaries have complied, in all material respects, with all applicable privacy legislation and neither has collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by privacy laws. Aleafia and its subsidiaries limit the collection, use, disclosure and processing of personal information to the scope of the consent collected and or the contractual agreements in place governing the collection, use or disclosure of such personal information.
- (dd) **Intellectual Property.** Aleafia and its subsidiaries own or possess the right to use all material patents, trademarks, trademark registrations, service marks, service mark registrations, trade names, copyrights, licenses, inventions, trade secrets and rights necessary for the conduct of the Aleafia business (all of which are described in Section [●] of the Aleafia Disclosure Letter) and Aleafia is not aware of any claim to the contrary or any challenge by any other Person to the rights of Aleafia or any its subsidiaries with respect to the foregoing. To the knowledge of Aleafia, the Aleafia business as now conducted does not, and as currently proposed to be conducted will not, infringe or conflict with in any material respect patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses or other intellectual property or franchise right of any Person. To the knowledge of Aleafia, no material claim has been made against Aleafia or any of its subsidiaries alleging the infringement by Aleafia or any of its subsidiaries of any patent, trademark, service mark, trade name, copyright, trade secret, license in or other intellectual property right or franchise right of any Person.
- (ee) **Research and Development.** All product research and development activities, including quality assurance, quality control, testing, and research and analysis activities, conducted by Aleafia and its Subsidiaries in connection with its business is being conducted in accordance with Health Canada requirements and standard industry practices and in compliance, in all material respects, with all industry, laboratory safety, management and training standards applicable to the Aleafia business, all such processes, procedures and practices, required in connection with such activities are in place as necessary and are being complied with, in all material respects.
- (ff) **Books and Records.** The financial books, records and accounts of Aleafia and its subsidiaries, in all material respects:
- (i) have been maintained in accordance with good business practices and in accordance with IFRS and with the accounting principles generally accepted in the country of domicile of each such entity, on a basis consistent with prior years;
 - (ii) in each case accurately and fairly reflect the material transactions and dispositions of the assets of Aleafia and its subsidiaries; and
 - (iii) accurately and fairly reflect the basis for the Aleafia Financial Statements.
- (gg) **Minute Books.** Except as disclosed in Section [●] of the Aleafia Disclosure Letter, the minute books of each of Aleafia and its subsidiaries, which have been provided to RWB prior to the date hereof, are true and correct in all material respects, and contain the minutes of all meetings of the boards of directors, committees of the boards and

shareholders and all resolutions passed by the boards of directors, committees of the boards and the shareholders.

- (hh) **Contracts.** Section [●] of the Aleafia Disclosure Letter includes a complete and accurate list of all Material Contracts to which Aleafia or any of its subsidiaries is a party which are in full force and effect as of the date hereof. All such Material Contracts disclosed in Section [●] of the Aleafia Disclosure Letter are in full force and effect, and Aleafia or its subsidiaries are entitled to all rights and benefits thereunder in accordance with the terms thereof. Aleafia has made available to RWB in the Aleafia data room true and complete copies of all Material Contracts. All of the Material Contracts are valid and binding obligations of Aleafia or its subsidiaries, as the case may be, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction. Aleafia and its subsidiaries have complied in all material respects with all terms of such Material Contracts, have paid all amounts due thereunder, have not waived any rights thereunder and no material default or breach exists in respect thereof on the part of Aleafia or any of its subsidiaries or, to the knowledge of Aleafia, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a material default or breach or trigger a right of termination of any of the Material Contracts. As at the date hereof, to Aleafia's knowledge, neither Aleafia nor any of its subsidiaries has received written notice that any party to a Material Contract intends to cancel, terminate or otherwise modify or not renew such Material Contract, and to the knowledge of Aleafia, no such action has been threatened. Neither Aleafia nor any of its subsidiaries is a party to any Material Contract that contains any non-competition obligation or otherwise restricts in any material way the business of Aleafia or any of its subsidiaries.
- (ii) **Business Relationships.** All Material Contracts with third parties in connection with the Aleafia business have been entered into and are being performed by Aleafia and its subsidiaries and, to the knowledge of Aleafia, by all other third parties thereto, in compliance with their terms in all material respects. There exists no actual or, to the knowledge of Aleafia, threatened termination, cancellation or limitation of, or any material adverse modification or material change in, the business relationship of Aleafia or its subsidiaries, with any supplier, partner, or customer, or any group of suppliers, partners or customers whose business with or whose purchases or inventories, components, technologies, products or services provided to the business of Aleafia or its subsidiaries are individually or in the aggregate material to the assets, business, properties, operations or financial condition of Aleafia (on a consolidated basis). To the knowledge of Aleafia, all such business relationships are intact and mutually cooperative, and there exists no condition or state of fact or circumstances that would prevent Aleafia or its subsidiaries from conducting such business with any such third parties in the same manner in all material respects as currently conducted or proposed to be conducted.
- (jj) **Permits.** Aleafia and each of its subsidiaries has obtained and is in compliance in all material respects with all material permits required by applicable Laws that are necessary to conduct its current business as it is now being conducted (which for greater certainty, includes all of the permits which are described in Section [●] of the Aleafia Disclosure Letter), except where the failure to hold or comply with such permits would not, individually or in the aggregate, have a Material Adverse Effect.

(kk) **Environmental Matters.** Each of Aleafia and its subsidiaries and their respective businesses, operations, and properties, including the Aleafia owned real property:

- (i) to Aleafia's knowledge, is in material compliance with all environmental Laws and all terms and conditions of all environmental permits;
- (ii) has not received any order, request or notice from any Person alleging a material violation of any environmental Law;
- (iii) is not a party to any litigation or administrative proceeding, nor to the knowledge of Aleafia is any litigation or administrative proceeding threatened against it or its property or assets, which in either case asserts or alleges that it violated any environmental Laws, is required to clean up, remove or take remedial or other response action due to the release of any hazardous substances, or is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the release of any hazardous substances;
- (iv) has no knowledge of any conditions existing currently which could reasonably be expected to subject it to damages, penalties, injunctive relief or cleanup costs under any environmental Laws or which require or are likely to require cleanup, removal, remedial action or other response by it pursuant to applicable environmental Laws that would result in a Material Adverse Effect;
- (v) is not subject to any judgment, decree, order or citation related to or arising out of applicable environmental Law and to Aleafia's knowledge has not been named or listed as a potentially responsible party by any Governmental Entity in a matter arising under any environmental Laws; and
- (vi) to Aleafia's knowledge is not involved in operations and does not know of any facts, circumstances or conditions, including any release of any hazardous substance, that would reasonably be expected to result in any claim arising under environmental Laws that would result in any Material Adverse Effect.

(ii) **Regulatory.**

- (i) Aleafia and its subsidiaries have operated and are currently operating in material compliance with all applicable Laws, including all applicable rules, regulations, guidelines and policies of any applicable Laws; and
- (ii) Aleafia and its subsidiaries have operated and are currently operating their respective businesses in compliance with all Regulatory Approvals in all material respects and have made all requisite material declarations and filings with the Governmental Entities required to keep its permits in good standing. Aleafia and its subsidiaries have not received any written notices or other correspondence from the Governmental Entities regarding any circumstances that have existed or currently exist which would lead to a loss, suspension, or modification of, or a refusal to issue, any material Regulatory Approval relating to its activities which would reasonably be expected to materially restrict, curtail, limit or adversely affect the ability of Aleafia or its subsidiaries to operate their respective businesses.

- (jj) **Employee Benefits.** Except as disclosed in Section [●] of the Aleafia Disclosure Letter, neither Aleafia nor any of its subsidiaries is party to any employee plans or collective bargaining agreements.
- (kk) **Labour and Employment.**
- (i) Section [●] of the Aleafia Disclosure Letter sets forth a complete list of all employees of Aleafia and its subsidiaries, together with their titles, service dates, current wages, salaries or hourly rate of pay, and bonus (whether monetary or otherwise). Except as disclosed in Section [●] of the Aleafia Disclosure Letter, no such employee is on long-term disability leave, extended absence or worker's compensation leave. All current assessments under applicable workers compensation legislation in relation to the employees listed in Section [●] of the Aleafia Disclosure Letter have been paid or accrued by Aleafia and its subsidiaries, as applicable, and Aleafia and its subsidiaries are not subject to any special or penalty assessment under such legislation which has not been paid.
- (ii) Except for those written employment contracts with employees of Aleafia and any of its subsidiaries identified in Section [●] of the Aleafia Disclosure Letter (other than employment contracts with employees that are terminable without cause by Aleafia without severance or change of control pay or benefits, in which case only the form of such employment contract will be listed), there are no written contracts of employment entered into with any such employees. Except for those agreements or provisions described in Section [●] of the Aleafia Disclosure Letter, no employee of Aleafia or of any of its subsidiaries is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would receive payments under such agreement or provision as a result of the Arrangement.
- (iii) Except as disclosed in Section [●] of the Aleafia Disclosure Letter, neither Aleafia nor any subsidiary is party to any collective bargaining agreement, contract or legally binding commitment to any trade unions or employee organization or group. There are no threatened or apparent union organizing activities involving employees of Aleafia or any of its subsidiaries, nor is Aleafia or any of its subsidiaries currently negotiating any collective bargaining agreements.
- (iv) Section [●] of the Aleafia Disclosure Letter sets forth a complete list of the consulting and third-party contractor agreements as they relate to the operations of the Aleafia business, between Aleafia or any of its subsidiaries (other than consulting agreements with contractors that are terminable without penalty on less than thirty (30) days' notice, in which case only forms of such contracts will be listed, unless any such contract provides severance or change of control pay or benefits that are, in each case, greater than required by applicable Laws). There are no material defaults or violations by Aleafia or any of its subsidiaries under any such agreements listed in Section [●] of the Aleafia Disclosure Letter, and there are no material claims or proceedings, or to the knowledge of Aleafia, threatened material claims or proceedings of any kind from any such third-party contractors.
- (ll) **Previous Acquisitions.** All previous material acquisitions completed by Aleafia or any subsidiaries of any securities or real property of any other entity, have been fully and properly disclosed in documents filed on www.sedar.com by or on behalf of Aleafia with

the Securities Authorities, were completed in compliance in all material respects with all applicable corporate and securities laws and all necessary corporate and regulatory approvals, consents, authorizations, registrations, and filings required in connection therewith were obtained or made, as applicable, and complied with in all material respects.

- (mm) **Related Party Transactions.** Other than as disclosed in the Aleafia Filings, there are no Material Contracts or other transactions currently in place between Aleafia or any of its subsidiaries and:
- (i) any officer or director of Aleafia or any of its subsidiaries;
 - (ii) any holder of record or beneficial owner of 10% or more of the Aleafia Shares; and
 - (iii) to the knowledge of Aleafia, any affiliate or associate of any such officer, director, holder of record or beneficial owner.
- (nn) **Expropriation.** No part of the property or assets of Aleafia or any of its subsidiaries has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor does Aleafia or any of its subsidiaries know of any intent or proposal to give such notice or commence any such proceedings.
- (oo) **Registration Rights.** No Aleafia Shareholder has any right to compel Aleafia to register or otherwise qualify the Aleafia Shares (or any of them) for public sale or distribution.
- (pp) **Rights of Other Persons.** No Person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by Aleafia or any of its subsidiaries, or any part thereof.
- (qq) **No Voting Control.** Aleafia is not a party to any agreement, nor to the knowledge of Aleafia is there any agreement, which in any manner affects the voting control of any securities of Aleafia.
- (rr) **Brokers.** Except for the Financial Advisor, there is no investment banker, broker, finder or other financial intermediary that has been retained by or is authorized to act on behalf of any of Aleafia or its subsidiaries who is entitled to any fee or commission from any of Aleafia or its subsidiaries in connection with the transactions contemplated hereby or will have any ongoing commitment from Aleafia or its subsidiaries after the Effective Time. Aleafia has retained the Financial Advisor to provide the Fairness Opinion. Section [●] of the Aleafia Disclosure Letter sets forth all fees and expenses payable to the Financial Advisor by Aleafia or any of its Subsidiaries in connection with the transactions contemplated hereby.
- (ss) **Insurance.** As of the date hereof, Aleafia and its Subsidiaries have such policies of insurance as are listed in Section [●] of the Aleafia Disclosure Letter. Each of Aleafia and its subsidiaries maintain insurance against loss of, or damage to, its assets by all insurable risks on a replacement cost basis in accordance with industry standards and such insurance coverage is in good standing in all material respects and not in default except in each case as could not reasonably be expected to have a Material Adverse Effect.

- (tt) **Corrupt Practices Legislation.** To the knowledge of Aleafia, neither Aleafia nor its subsidiaries or affiliates nor any of their respective officers, directors, employees, consultants, representatives or agents acting on behalf of Aleafia or any of its Subsidiaries or affiliates, has (i) violated any anti-bribery or anti-corruption laws applicable to Aleafia or any subsidiary, including but not limited to Canada's *Corruption of Foreign Public Officials Act* and the U.S. *Foreign Corrupt Practices Act*, or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (X) to any government official, whether directly or through any other Person, for the purpose of influencing any act or decision of a government official in his or her official capacity; inducing a government official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a government official to influence or affect any act or decision of any Governmental Entity; or assisting any representative of Aleafia or any subsidiary or affiliate in obtaining or retaining business for or with, or directing business to, any Person; or (Y) to any Person in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. Neither Aleafia nor its subsidiaries or affiliates nor any of their respective officers, directors, employees, consultants, representatives or agents, has (i) conducted or initiated any review, audit, or internal investigation that concluded Aleafia or its subsidiaries or affiliates, or their respective officers, directors, employees, consultants, representatives or agents violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Governmental Entity responsible for enforcing anti-bribery or anti-corruption laws, in each case with respect to any alleged act or omission arising under or relating to noncompliance with any such laws, or received any notice, request, or citation from any Person alleging non-compliance with any such laws.
- (uu) **Anti-Money Laundering.** The operations of Aleafia and each subsidiary are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* and the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any Governmental Entity (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or Governmental Entity or any arbitrator involving Aleafia or any subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of Aleafia, threatened.
- (vv) **Directors and Officers.** None of the directors or officers of Aleafia or any subsidiary are now, or have been, since the date that is ten (10) years prior to the date hereof (i) subject to an order or ruling of any Securities Authority or stock exchange prohibiting such individual from acting as a director or officer of a company, or (ii) subject to an order preventing, ceasing or suspending trading in any securities of Aleafia or other company.
- (ww) **No Shareholder Rights Plan.** As of the date hereof, there is no shareholder rights plan, "poison pill", anti-takeover plan or similar device in effect to which Aleafia or any of its subsidiaries is subject, party or otherwise bound.

Schedule "E"
RWB Representations and Warranties

In connection with, and effective upon, RWB's execution and delivery of the Arrangement Agreement, RWB hereby represents and warrants to Aleafia as follows:

- (a) **Board Approval.** As of the date hereof, the board of directors of RWB, after consultation with its financial and legal advisors, has determined that the Arrangement Agreement is in the best interests of RWB and has approved the execution and performance of the Arrangement Agreement.
- (b) **Organization and Qualification.** RWB and each of its subsidiaries is a corporation duly incorporated or an entity duly created and validly existing under all applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary corporate or other power, authority and capacity to own its material property and assets as now owned and to carry on its business as it is now being conducted. RWB and each of its subsidiaries:
 - (i) has all material permits necessary to conduct its business as now conducted as disclosed in the RWB Filings, except where the failure to hold or comply with such permits would not, individually or in the aggregate, have a Material Adverse Effect; and
 - (ii) is duly registered or otherwise authorized and qualified to do business and each is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary, except where the failure to be so qualified will not individually or in the aggregate have a Material Adverse Effect.
- (c) **Authority.** RWB has the requisite corporate power, authority and capacity to enter into the Arrangement Agreement and to perform its obligations thereunder. The execution and delivery of the Arrangement Agreement by RWB and the performance by RWB of its obligations under the Arrangement Agreement have been duly authorized by the board of directors of RWB and no other corporate proceedings on its part are necessary to authorize the Arrangement Agreement. The Arrangement Agreement has been duly executed and delivered by RWB and constitutes a legal, valid and binding obligation of RWB, enforceable against RWB in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other applicable Laws relating to or affecting rights of creditors generally and subject to the qualification that equitable remedies, including specific performance, are discretionary.
- (d) **No Violation.** The authorization, execution and delivery of the Arrangement Agreement by RWB, the completion of the transactions contemplated by the Arrangement Agreement and the performance of RWB's obligations thereunder in accordance with the terms thereof will not:
 - (i) violate, conflict with, or result (with or without notice or the passage of time) in a violation or breach of any provision of, or require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or cause any indebtedness to come due before its stated maturity, or cause any credit commitment to cease to be available, or cause any payment or other

obligation to be imposed on RWB or any of its subsidiaries, under any of the terms, conditions or provisions of:

- (A) their respective constating documents; or
 - (B) any permit or Material Contract to which RWB or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which RWB or any of its subsidiaries is bound; or
 - (ii) result (with or without notice or the passage of time) in a violation or breach of or constitute a default under any provisions of any Laws applicable to RWB or any of its subsidiaries or any of their respective properties or assets; or
 - (iii) cause the suspension or revocation of any permit currently in effect held by RWB or any of its subsidiaries; or
 - (iv) give rise to any rights of first refusal or trigger any change in control provisions under any note, bond, mortgage, indenture, contract, license, franchise or permit to which RWB is a party; or
 - (v) result in the imposition of any liens upon any assets of RWB or the assets of any of its subsidiaries.
- (e) **Capitalization.**
- (i) The authorized share capital of RWB consists of an unlimited number of RWB Shares, an unlimited number of RWB Series I Preferred Shares and an unlimited number of RWB Series II Preferred Shares. As of the close of business on [insert date], there are issued and outstanding [●] RWB Shares.

As of the close of business on [insert date], an aggregate of up to [●] RWB Shares are issuable upon the exercise of [●] RWB stock options and up to [●] RWB Shares are issuable upon the conversion of the RWB convertible debentures, and there are no options (other than the RWB stock options), units (other than the RWB restricted share units), warrants, convertible debentures (other than the RWB convertible debentures) conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by RWB of any securities of RWB (including RWB Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of RWB (including RWB Shares) or of any subsidiary of RWB. Other than the RWB Shares, RWB stock options and RWB convertible debentures, there are no securities of RWB outstanding.
 - (ii) Section [●] of the RWB Disclosure Letter sets forth an accurate and complete list of all RWB stock options and RWB convertible debentures, including the respective holders, grant dates, number of RWB stock options, as the case may be, terms of the RWB convertible debentures, vesting dates, where applicable, and exercise or conversion prices, where applicable. All outstanding RWB Shares have

been duly authorized and validly issued, are fully paid and non-assessable, and all RWB Shares issuable upon the exercise of RWB stock options and conversion of RWB convertible debentures, each in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of RWB (including the RWB Shares, RWB stock options and RWB convertible debentures) have been issued in compliance with all applicable Laws. Other than the RWB Shares, RWB stock options and RWB convertible debentures, as applicable, there are no securities of RWB or of any of its subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with RWB Shareholders on any matter. There are no outstanding contractual or other obligations of RWB or any subsidiary to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities, other than the RWB stock options, and RWB convertible debentures. There are no outstanding bonds, debentures or other evidences of indebtedness of RWB or any of its subsidiaries having the right to vote with the holders of the outstanding RWB Shares on any matters.

- (f) **Securities Issuable in Connection with Arrangement.** The Consideration Shares to be issued pursuant to the Arrangement, the RWB Shares issuable upon the exercise from time to time of the Replacement RWB Options in accordance with their respective terms and the Aleafia Warrants in accordance with their respective terms, will, when issued and delivered, be duly and validly issued by RWB on their respective dates of issue as fully paid and non-assessable shares and will not be issued in violation of the terms of any agreement or other understanding binding upon RWB at the time that such shares are issued and will be issued in compliance with the constating documents of RWB and all applicable Laws. As of the Effective Date, all of the Replacement RWB Options and Aleafia Warrants will be outstanding as duly authorized and validly existing options and warrants to acquire RWB Shares, which will not be issued in violation of the terms of any agreement or other understanding binding upon RWB at the time at which they are issued.
- (g) **Reporting Status and Securities Laws Matters.** RWB is a “reporting issuer” in the provinces (other than Quebec) of Canada and is not on the list of reporting issuers in default under applicable Securities Laws in any of the provinces (other than Quebec) of Canada. Except as disclosed in Section [●] of the RWB Disclosure Letter, no delisting, suspension of trading in or cease trading order with respect to any securities of RWB and, to the knowledge of RWB, no inquiry or investigation (formal or informal) of any Securities Authority, is in effect or ongoing or, to the knowledge of RWB, expected to be implemented or undertaken.
- (h) **Absence of Cease Trade Orders.** Except as disclosed in Section [●] of the RWB Disclosure Letter, no order ceasing or suspending trading in the RWB Shares (or any of them) or any other securities of RWB is outstanding and to the knowledge of RWB no proceedings for this purpose have been instituted or, to the knowledge of RWB, are pending, contemplated or threatened.
- (i) **Public Filings.** Except as disclosed in Section [●] of the RWB Disclosure Letter, since March 31, 2022, RWB has filed all material documents required to be filed by in accordance with applicable Securities Laws in the provinces (other than Quebec) of

Canada. All such documents and information comprising the RWB Filings, as of their respective dates (and the dates of any amendments thereto):

- (i) did not contain any misrepresentation, except as have been corrected by subsequent disclosure; and
 - (ii) complied in all material respects with the requirements of applicable Securities Laws in all of the provinces (other than Quebec) of Canada, and any amendments to the RWB Filings required to be made have been filed on a timely basis with the Securities Authorities in all of the provinces (other than Quebec) of Canada and the CSE, as applicable. RWB has not filed any confidential material change report with any Securities Authority in any of the provinces (other than Quebec) of Canada that at the date of the Arrangement Agreement remains confidential.
- (j) **No Material Change.** Other than as disclosed in the RWB Filings, since March 31, 2022, there has been no material change in respect of RWB and its subsidiaries taken as a whole, and the debt, business and material property of RWB and its subsidiaries conform in all respects to the description thereof contained in the RWB Filings, and there has been no dividend or distribution of any kind declared, paid or made by RWB on any RWB Shares.
- (k) **Forward-Looking Information.** With respect to forward-looking information contained in RWB's public disclosure filings since March 31, 2022 required to be filed in accordance with applicable Securities Laws:
- (i) RWB had a reasonable basis for the forward-looking information as at the date such forward-looking information was disclosed; and
 - (ii) all material forward-looking information is identified as such, and all such documents caution users of forward-looking information that actual results may vary from the forward-looking information and identifies material risk factors that could cause actual results to differ materially from the forward-looking information, and accurately states the material factors or assumptions used to develop forward-looking information.
- (l) **Financial Statements.** RWB's audited financial statements as at and for the years ended December 31, 2022 and 2021 and unaudited interim financial statements for the three [and six] months ended [●], 2023 (collectively, the "**RWB Financial Statements**") were prepared in accordance with IFRS consistently applied (except as otherwise indicated in such financial statements and the notes thereto or in the related report of RWB's independent auditors, and except that the unaudited RWB Financial Statements may not contain footnotes and are subject to normal year-end adjustments, none of which individually or in the aggregate will be material in nature or amount) and fairly present in all material respects the consolidated financial position, results of operations and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of RWB and its subsidiaries.
- (m) **No Off-Balance Sheet Arrangements.** There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) or liabilities of RWB or any subsidiary which are required to be disclosed and are not disclosed or reflected in the RWB Financial Statements.

- (n) **Internal Accounting Controls.** RWB and each subsidiary maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
- (o) **Accounting Policies.** There has been no change in accounting policies of RWB since March 31, 2022, other than as disclosed in the RWB Financial Statements.
- (p) **Independent Auditors.** To the knowledge of RWB, the auditors of RWB who reported on and certified the RWB Financial Statements are independent public accountants as required by the securities laws of the Province of British Columbia, and there has not been any "reportable event" (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) with respect to the auditors.
- (q) **No Undisclosed Liabilities.** RWB and its subsidiaries have no outstanding indebtedness or liabilities and none is a party to or bound by any surety-ship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person, other than those specifically identified in the RWB Financial Statements or incurred in the ordinary course of business since March 31, 2022.
- (r) **Compliance with Laws, Regulatory Approvals and Authorizations.** All operations of RWB and the subsidiaries in respect of or in connection with the RWB business assets or otherwise have been and continue to be conducted in compliance in all material respects with all applicable Laws. RWB and the subsidiaries have obtained and are in compliance in all material respects with all authorizations to permit them to conduct the RWB business as currently conducted or proposed to be conducted. All of the authorizations issued to date are valid and in full force and effect and, except as disclosed in Section [●] of the RWB Disclosure Letter, none of RWB or any of its subsidiaries has received any correspondence or notice from any Governmental Entity alleging or asserting material non-compliance with any applicable Laws or authorizations and RWB does not know of any basis for any such allegation or assertion. None of RWB or any of its subsidiaries has received any notice of proceedings or actions relating to the revocation, suspension, limitation or modification of any authorizations or any notice advising of the refusal to grant any authorization that has been applied for or is in process of being granted and to the knowledge of RWB there is no reason to believe that any such Governmental Entity is considering taking or would have reasonable ground to take any such action that would result in a Material Adverse Effect.
- (s) **Compliance with Laws.** RWB and its subsidiaries have complied in all material respects with and are not in violation of any applicable Laws, other than non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect.
- (t) **Litigation.** Except as disclosed in the RWB Financial Statements or Section [●] of the RWB Disclosure Letter, there are no material claims, actions, suits, grievances, complaints, regulatory investigations or proceedings pending or, to the knowledge of RWB, threatened affecting RWB or any of its subsidiaries or affecting any of their

respective property or assets at law or in equity before or by any non-governmental organization, community, community group, or any Governmental Entity, including matters arising under environmental Laws, which if finally determined adversely to RWB or its subsidiaries would be expected to have a Material Adverse Effect. Neither RWB nor any of its subsidiaries nor their respective assets or properties is subject to any outstanding material judgment, order, writ, injunction or decree.

- (u) **Restrictions on Business Activities.** To the knowledge of RWB, there is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon RWB or any of its subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct of the business by any of them as currently conducted, which could reasonably be expected to have a Material Adverse Effect.
- (v) **Taxes.**
 - (i) Except as disclosed in Section [●] of the RWB Disclosure Letter, RWB and each of its subsidiaries has duly and timely filed all Tax Returns required to be filed by it prior to the date hereof, except where such failure to file such Tax Return would not be expected to have a Material Adverse Effect and all such Tax Returns are complete and correct in all material respects.
 - (ii) Except as disclosed in Section [●] of the RWB Disclosure Letter, RWB and each of its subsidiaries has paid on a timely basis all material Taxes which are due and payable, all assessments and reassessments, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published RWB Financial Statements.
 - (iii) Except as disclosed in Section [●] of the RWB Disclosure Letter, to the knowledge of RWB and except as provided for in the RWB Financial Statements, no material deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of RWB or any of its subsidiaries, and neither RWB nor any of its subsidiaries is a party to any action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of RWB, threatened against RWB or any of its subsidiaries or any of their respective assets, that would be reasonably expected to have a Material Adverse Effect.
 - (iv) Except as disclosed in Section [●] of the RWB Disclosure Letter, To the knowledge of RWB, no claim has been made by any Governmental Entity in a jurisdiction where RWB or any of its subsidiaries does not file Tax Returns that RWB or any of its subsidiaries is or may be subject to Tax by that jurisdiction.
 - (v) To the knowledge of RWB, there are no liens for unpaid Taxes (other than in respect of Taxes not yet due and payable and for which adequate accruals or reserves have been established in accordance with IFRS) upon any of the assets of RWB or any of its subsidiaries.
 - (vi) Except as disclosed in Section [●] of the RWB Disclosure Letter, RWB and each of its subsidiaries has withheld or collected all amounts required to be withheld or

collected by it on account of material Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by Law to do so.

- (vii) Except as disclosed in Section [●] of the RWB Disclosure Letter, RWB and each of its subsidiaries have given to Aleafia true, correct and complete copies of all their income and capital tax returns and statements of deficiencies for taxable periods, or transactions consummated, for the prior three years, and there are no material omissions in the foregoing.
- (viii) For the purposes of the Tax Act and any other relevant Tax purposes:
 - (A) RWB is resident in Canada; and
 - (B) each subsidiary of RWB is resident in the jurisdiction in which it is formed, amalgamated and/or continued into and is not resident in any other country.
- (w) **Ownership of Subsidiaries.** Section [●] of the RWB Disclosure Letter includes complete and accurate lists of all subsidiaries owned, directly or indirectly, by RWB, each of which is wholly-owned. Other than with respect to any rights derived from permitted liens, all of the issued and outstanding securities and other ownership interests in the subsidiaries of RWB are duly authorized, validly issued, fully paid and non-assessable, and all such securities and other ownership interests held directly or indirectly by RWB are legally and beneficially owned free and clear of all liens, and there are no outstanding options, warrants, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to purchase or acquire, or securities convertible into or exchangeable for, any such securities or other ownership interests in or material assets or properties of any of the subsidiaries of RWB. There are no contracts, commitments, agreements, understandings, arrangements or restrictions which require any subsidiaries of RWB to issue, sell or deliver any shares in its share capital or other ownership interests, or any securities or obligations convertible into or exchangeable for, any shares of its share capital or other ownership interests. There are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) providing to any third-party the right to acquire any shares or other ownership interests in any subsidiary of RWB.
- (x) **Title to RWB Business Assets.** Each of RWB and its subsidiaries owns or has the right to use all material RWB business assets currently owned or used in the RWB business, including: (i) all Material Contracts; and (ii) all material RWB business assets necessary to enable RWB to carry on the RWB business as now conducted and as presently proposed to be conducted. Except as disclosed in Section [●] of the RWB Disclosure Letter, no third party has any ownership right, title, interest in, claim in, lien against or any other right to any material RWB business assets owned by RWB.
- (y) **Real Property.**
 - (i) The RWB owned real property (all of which is described in Section [●] of the RWB Disclosure Letter):
 - (A) has adequate access to and use of all necessary utilities including, but not limited to, local power grids, potable water and waste water treatment;

- (B) is owned and operated in material compliance with applicable Laws including all reporting and monitoring requirements thereunder, and there are no pending or, to RWB's knowledge, any threatened, administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any applicable Laws for such land, which have not been obtained, and there are no authorizations required for the RWB owned real property;
 - (C) is the only real property currently owned by RWB or any subsidiary;
 - (D) is in material compliance with all zoning requirements of any applicable Governmental Entity, and
- (ii) RWB or its subsidiaries is the absolute beneficial owner of, and has a good and marketable beneficial interest in, the RWB owned real property, free and clear of all encumbrances, except for permitted liens.
- (z) **Privacy Protection.** Each of RWB and its subsidiaries have security measures and safeguards in place to protect personal information against loss or theft, as well as unauthorized access, disclosure, copying, use or modification. To its knowledge, RWB and its subsidiaries have complied, in all material respects, with all applicable privacy legislation and neither has collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by privacy laws. RWB and its subsidiaries limit the collection, use, disclosure and processing of personal information to the scope of the consent collected and or the contractual agreements in place governing the collection, use or disclosure of such personal information.
- (aa) **Contracts.** Section [●] of the RWB Disclosure Letter includes a complete and accurate list of all Material Contracts to which RWB or any of its subsidiaries is a party which are in full force and effect as of the date hereof. All such Material Contracts disclosed in Section [●] of the RWB Disclosure Letter are in full force and effect, and RWB or its subsidiaries are entitled to all rights and benefits thereunder in accordance with the terms thereof. RWB has made available to Aleafia in the RWB data room true and complete copies of all Material Contracts. All of the Material Contracts are valid and binding obligations of RWB or its subsidiaries, as the case may be, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction. RWB and its subsidiaries have complied in all material respects with all terms of such Material Contracts, have paid all amounts due thereunder, have not waived any rights thereunder and no material default or breach exists in respect thereof on the part of RWB or any of its subsidiaries or, to the knowledge of RWB, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a material default or breach or trigger a right of termination of any of the Material Contracts. As at the date hereof, to RWB's knowledge, neither RWB nor any of its subsidiaries has received written notice that any party to a material contract intends to cancel, terminate or otherwise modify or not renew such material contract, and to the knowledge of RWB, no such action has been threatened. Neither RWB nor any of its subsidiaries is a party to any material contract that contains any non-competition obligation or otherwise restricts in any material way the business of RWB or any of its subsidiaries.

- (bb) **Business Relationships.** All Material Contracts with third parties in connection with the RWB business have been entered into and are being performed by RWB and its subsidiaries and, to the knowledge of RWB, by all other third parties thereto, in compliance with their terms in all material respects. There exists no actual or, to the knowledge of RWB, threatened termination, cancellation or limitation of, or any material adverse modification or material change in, the business relationship of RWB or its subsidiaries, with any supplier, partner, or customer, or any group of suppliers, partners or customers whose business with or whose purchases or inventories, components, technologies, products or services provided to the business of RWB or its subsidiaries are individually or in the aggregate material to the assets, business, properties, operations or financial condition of RWB (on a consolidated basis). To the knowledge of RWB, all such business relationships are intact and mutually cooperative, and there exists no condition or state of fact or circumstances that would prevent RWB or its subsidiaries from conducting such business with any such third parties in the same manner in all material respects as currently conducted or proposed to be conducted.
- (cc) **Permits.** RWB and each of its subsidiaries has obtained and is in compliance in all material respects with all material permits required by applicable Laws that are necessary to conduct its current business as it is now being conducted (which for greater certainty, includes all of the permits which are described in Section [●] of the RWB Disclosure Letter), except where the failure to hold or comply with such permits would not, individually or in the aggregate, have a Material Adverse Effect.
- (dd) **Regulatory.**
- (i) RWB and its subsidiaries have operated and are currently operating in material compliance with all applicable Laws, including all applicable rules, regulations, guidelines and policies of any applicable Laws; and
 - (ii) RWB and its subsidiaries have operated and are currently operating their respective businesses in compliance with all Regulatory Approvals in all material respects and have made all requisite material declarations and filings with the Governmental Entities required to keep its permits in good standing. RWB and its subsidiaries have not received any written notices or other correspondence from the Governmental Entities regarding any circumstances that have existed or currently exist which would lead to a loss, suspension, or modification of, or a refusal to issue, any material Regulatory Approval relating to its activities which would reasonably be expected to materially restrict, curtail, limit or adversely affect the ability of RWB or its subsidiaries to operate their respective businesses.
- (ee) **Insurance.** As of the date hereof, RWB and its Subsidiaries have such policies of insurance as are listed in Section [●] of the RWB Disclosure Letter. Each of RWB and its subsidiaries maintain insurance against loss of, or damage to, its assets by all insurable risks on a replacement cost basis in accordance with industry standards and such insurance coverage is in good standing in all material respects and not in default except in each case as could not reasonably be expected to have a Material Adverse Effect.
- (ff) **Corrupt Practices Legislation.** To the knowledge of RWB, neither RWB nor its subsidiaries or affiliates nor any of their respective officers, directors, employees, consultants, representatives or agents acting on behalf of RWB or any of its Subsidiaries or affiliates, has (i) violated any anti-bribery or anti-corruption laws applicable to RWB or

any subsidiary, including but not limited to Canada's *Corruption of Foreign Public Officials Act* and the U.S. *Foreign Corrupt Practices Act*, or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (X) to any government official, whether directly or through any other Person, for the purpose of influencing any act or decision of a government official in his or her official capacity; inducing a government official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a government official to influence or affect any act or decision of any Governmental Entity; or assisting any representative of RWB or any subsidiary or affiliate in obtaining or retaining business for or with, or directing business to, any Person; or (Y) to any Person in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. Neither RWB nor its subsidiaries or affiliates nor any of their respective officers, directors, employees, consultants, representatives or agents, has (i) conducted or initiated any review, audit, or internal investigation that concluded RWB or its subsidiaries or affiliates, or their respective officers, directors, employees, consultants, representatives or agents violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Governmental Entity responsible for enforcing anti-bribery or anti-corruption laws, in each case with respect to any alleged act or omission arising under or relating to noncompliance with any such laws, or received any notice, request, or citation from any Person alleging non-compliance with any such laws.

- (gg) **Anti-Money Laundering.** The operations of RWB and each subsidiary are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any Governmental Entity (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or Governmental Entity or any arbitrator involving RWB or any subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of RWB, threatened.
- (hh) **Directors and Officers.** Except as disclosed in Section Section [●] of the RWB Disclosure Letter, none of the directors or officers of RWB or any subsidiary are now, or have been, since the date that is ten (10) years prior to the date hereof (i) subject to an order or ruling of any Securities Authority or stock exchange prohibiting such individual from acting as a director or officer of a company, or (ii) subject to an order preventing, ceasing or suspending trading in any securities of RWB or other company.

Schedule "F"
Aleafia Covenants

I. General and Regarding the Arrangement

- (1) Aleafia covenants and agrees that, during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except (i) with the express prior written consent of RWB, acting reasonably, or (ii) as required or permitted by the Arrangement Agreement, Aleafia will, and will cause its subsidiaries to, conduct their business in the ordinary course, and Aleafia will use commercially reasonable efforts to maintain and preserve its and its subsidiaries' business organization, assets (including, for greater certainty, Aleafia's business assets), goodwill and business relationships with other Persons with which Aleafia or any of its subsidiaries have business relations.

- (2) Without limiting the generality of (1) above, Aleafia covenants and agrees that, during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except (i) with the express prior written consent of RWB, acting reasonably, or (ii) as required or permitted by the Arrangement Agreement, Aleafia will not, and Aleafia will not permit any of its subsidiaries to, directly or indirectly:
 - (a) amend its constating documents or, in the case of any subsidiary which is not a corporation, its similar organizational documents;
 - (b) split, combine, consolidate or reclassify any of its securities or declare, set aside or pay any dividend or other distribution thereon (whether in cash, securities or property or any combination thereof), or amend or modify any term of any outstanding debt security;
 - (c) redeem, purchase, or otherwise acquire or offer to redeem, purchase or otherwise acquire any of its outstanding securities;
 - (d) issue, deliver, sell, pledge or otherwise encumber, or authorize the issuance, delivery, sale, pledge or other encumbrance of any securities or other equity or voting interests (including issued Aleafia Shares held by Aleafia in treasury), or any options, warrants or similar rights or convertible securities exercisable or exchangeable for or convertible into such securities or other equity or voting interests, or any stock appreciation rights, phantom stock awards or other rights that are linked to the price or the value of Aleafia Shares, except for the issuance of Aleafia Shares issuable upon (i) the exercise of the currently outstanding Aleafia Options and Aleafia Warrants, (ii) the vesting and settlement of the currently outstanding Aleafia RSUs and Aleafia DSUs, or (iii) the conversion of the currently outstanding Aleafia Convertible Debentures;
 - (e) reduce its stated capital or reorganize, arrange, restructure, amalgamate or merge with any Person;
 - (f) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of Aleafia or any of its subsidiaries;

- (g) acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, any assets, securities, properties, interests or businesses;
- (h) sell, pledge, lease, dispose of, lose the right to use, mortgage, license, encumber (other than a permitted lien) or otherwise transfer any assets of Aleafia or of any of its subsidiaries or any interest in any assets of Aleafia and its subsidiaries;
- (i) other than as required by the Arrangement Agreement and the transactions contemplated herein, make any capital expenditure or commitment to do so;
- (j) amend or modify, or terminate or waive any right under, any Material Contract or enter into any contract or agreement that would be a Material Contract if in effect on the date hereof;
- (k) in respect of any of Aleafia's business assets, waive, release, surrender, abandon, let lapse, grant or transfer any material right or amend, modify or change, or agree to amend, modify or change, any existing authorization, right to use, lease or contract;
- (l) amend, modify or terminate, cancel or let lapse any material insurance (or re-insurance) policy of Aleafia or any subsidiary in effect on the date of the Arrangement Agreement, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the terminated, cancelled or lapsed policies are in full force and effect;
- (m) prepay any indebtedness before its scheduled maturity, or increase, create, incur, assume or otherwise become liable for any indebtedness for borrowed money or guarantees thereof;
- (n) make any loan or advance to, or any capital contribution or investment in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person;
- (o) enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or similar financial instruments;
- (p) other than such Tax matters set out at Section [●] of the Aleafia Disclosure Letter, settle or compromise any Tax claim, assessment, reassessment or liability, enter into any agreement with a Governmental Entity with respect to Taxes, surrender any right to claim a Tax abatement, reduction, deduction, exemption, credit or refund, consent to the extension or waiver of the limitation period applicable to any Tax matter or amend or change any of its methods of reporting income, deductions or accounting for income Tax purposes except as may be required by Law;
- (q) make any change in Aleafia's methods of accounting, except as required by concurrent changes in IFRS;

- (r) grant any increase in the rate of wages, salaries, bonuses or other remuneration of any Aleafia employee or independent contractor or make any bonus or profit sharing distribution or similar payment of any kind;
 - (s) (i) adopt, enter into or amend any employee plan; (ii) pay any benefit to any director or officer of Aleafia or any of its subsidiaries or to any Aleafia employee that is not required under the terms of any employee plan in effect on the date of the Arrangement Agreement; (iii) grant, accelerate, increase or otherwise amend any payment, award or other benefit payable to, or for the benefit of, any director or officer of Aleafia or any of its subsidiaries or to any Aleafia employee; (iv) make any determination under any employee plan that is not in the ordinary course of business; or (v) take or propose any action to effect any of the foregoing;
 - (t) cancel, waive, release, assign, settle or compromise any claims or rights or take any action or fail to take any action that would result in termination of any claims or rights;
 - (u) commence, waive, release, assign, settle, compromise or settle any litigation, proceeding or governmental investigation relating to the assets or the business of Aleafia;
 - (v) enter into any contract with a Person (other than a wholly-owned subsidiary of Aleafia) that does not deal at arm's length with Aleafia within the meaning of the Tax Act;
 - (w) other than in connection with the Fairness Opinion and, if required, formal valuation, enter into or amend any contract with any broker, finder or investment banker; or
 - (x) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.
- (3) Aleafia will forthwith notify RWB in writing of:
- (a) any Material Adverse Effect; or
 - (b) any material penalty, filing, action, suit, claim, investigation, audit inquiry, assessment or proceeding commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting Aleafia or its subsidiaries.
- (4) Subject to the terms and conditions of the Arrangement Agreement, Aleafia will, and will cause its subsidiaries to, perform all obligations required to be performed by Aleafia or any of its subsidiaries under the Arrangement Agreement, cooperate with RWB in connection therewith, and do all such other commercially reasonable acts and things as may be necessary or desirable to consummate and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, Aleafia will and, where appropriate, will cause each of its subsidiaries to:
- (a) use its commercially reasonable efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are (i) necessary or advisable under its Material

Contracts in connection with the Arrangement or (ii) required in order to maintain its Material Contracts in full force and effect following completion of the Arrangement, in each case, on terms that are reasonably satisfactory to RWB, acting reasonably, and without paying, and without committing itself or RWB to pay, any consideration or incur any liability or obligation without the prior written consent of RWB, acting reasonably;

- (b) prepare and file, as promptly as practicable, all necessary documents, registrations, statements, petitions, filings and applications for the Regulatory Approvals required to be obtained by Aleafia or any of its subsidiaries and using its commercially reasonable efforts to obtain and maintain all such Regulatory Approvals, and providing or submitting all documentation and information that is required, or in the reasonable opinion of RWB, advisable, in connection with obtaining such Regulatory Approvals;
- (c) use its commercially reasonable efforts to oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and use its commercially reasonable efforts to defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or the Arrangement Agreement;
- (d) carry out the terms of the Interim Order and the Final Order applicable to it and comply promptly with all requirements imposed by Law on it or its subsidiaries with respect to the Arrangement Agreement or the Arrangement;
- (e) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement;
- (f) use its commercially reasonable efforts to assist in causing each member of the board of directors of Aleafia and the board of directors of each of its wholly-owned subsidiaries (in each case to the extent requested by RWB) to be replaced by Persons designated or nominated, as applicable, by RWB effective as of the Effective Time;
- (g) comply with TSX and CSE requirements relevant to the Arrangement Agreement; and
- (g) use commercially reasonable efforts to satisfy all conditions precedent set forth in the Arrangement Agreement.

II. Covenants Regarding Non-Solicitation and Acquisition Proposals

- (1) Except as expressly provided herein, Aleafia will not, directly or indirectly, through any officer, director, employee, representative (including any financial or other adviser) or an agent of it or any of its respective subsidiaries (collectively “**Representatives**”), or otherwise, and will not permit any such Person to:

- (a) solicit, initiate, knowingly facilitate, encourage or promote (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of Aleafia or any subsidiary or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
 - (b) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than RWB or any of its affiliates) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal, it being acknowledged and agreed that Aleafia may communicate with any Person for purposes of advising such Person of the restrictions in the Arrangement Agreement and also advising such Person that their Acquisition Proposal does not constitute a Superior Proposal or is not reasonably expected to constitute or lead to a Superior Proposal; or
 - (c) enter into or publicly propose to enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by and in accordance with the Arrangement Agreement).
- (2) Except as expressly provided in the Arrangement Agreement, Aleafia will not, directly or indirectly, through any Representative or otherwise, and will not permit any such Person to:
- (a) make a change in recommendation (meaning where the board of directors of Aleafia or any committee of the board of directors of Aleafia fails to unanimously recommend or withdraws, amends, modifies or qualifies, publicly proposes or states its intention to do so, or fails to publicly reaffirm (without qualification) within five (5) Business Days after having been requested in writing by RWB to do so, the board of directors of Aleafia's recommendation, or takes no position or a neutral position with respect to an Acquisition Proposal in respect of Aleafia for more than five (5) Business Days after first learning of an Acquisition Proposal in respect of Aleafia or takes any other action that is or becomes disclosed publicly and which can reasonably be interpreted to indicate that the board of directors of Aleafia or a committee of the board of directors of Aleafia does not unanimously support the Arrangement and the Arrangement Agreement or does not unanimously believe that the Arrangement and the Agreement Agreement are in the best interests of Aleafia and its security holders); or
 - (b) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any publicly announced or otherwise publicly disclosed Acquisition Proposal in respect of Aleafia (it being understood that taking no position or a neutral position with respect to a publicly announced or otherwise publicly disclosed Acquisition Proposal in respect of Aleafia for a period of no more than five (5) Business Days following the announcement or disclosure of such Acquisition Proposal will not be considered to be in violation of the Arrangement Agreement provided the board of directors of Aleafia has rejected such Acquisition Proposal and affirmed its recommendation regarding the Arrangement before the end of such five (5) Business Day period).

- (3) Aleafia will, and will cause its subsidiaries and its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiations, or other activities commenced prior to the date of the Arrangement Agreement with any Person (other than RWB or its affiliates) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection with such termination will no longer provide access to any data room or provide any new disclosure of information, or access to properties, facilities, books and records of Aleafia or any of its subsidiaries outside the ordinary course of business.
- (4) Aleafia represents and warrants that, since March 31, 2022, Aleafia has not waived any confidentiality, standstill or similar agreement to which Aleafia or any subsidiary is a party, and covenants and agrees that (i) Aleafia will take all necessary action to enforce each confidentiality, standstill or similar agreement to which Aleafia or any of its subsidiaries is a party, and (ii) neither Aleafia, nor any of its subsidiaries nor any of their respective Representatives will, without the prior written consent of RWB (which may be withheld in RWB's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting Aleafia, or any of its subsidiaries, under any confidentiality, standstill or similar agreement to which Aleafia or any of its subsidiaries is a party (it being acknowledged by RWB that the automatic termination or release of any standstill restrictions of any such agreements as a result of entering into and announcing the Arrangement Agreement will not be a violation of the Arrangement Agreement).
- (5) If Aleafia or any of its subsidiaries or any of their respective Representatives, receives, or otherwise becomes aware of any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information that is made, or that may reasonably be perceived to be made, in connection with an Acquisition Proposal, including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of Aleafia or any of its subsidiaries, Aleafia will immediately notify RWB, at first orally, and then promptly and in any event within 48 hours in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions and the identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request, and will provide RWB with copies of all documents, correspondence or other material received in respect of, from or on behalf of any such Person. Aleafia will keep RWB informed on a current basis of the status of developments and negotiations with respect to such Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request.
- (6) Notwithstanding (1) above, if at any time, prior to obtaining the approval by Aleafia Shareholders of the Arrangement Resolution, Aleafia receives a written Acquisition Proposal, Aleafia may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of confidential information, properties, facilities, books or records of Aleafia and its subsidiaries if, and only if:
 - (a) the board of directors of Aleafia first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal constitutes or could reasonably be expected to constitute or lead to a

- Superior Proposal (disregarding for such determination any due diligence or access condition);
- (b) such Person was not restricted from making such Acquisition Proposal pursuant to an existing standstill or similar restriction;
 - (c) Aleafia has been, and continues to be, in compliance with its obligations under these provisions;
 - (d) prior to providing any such copies, access, or disclosure, Aleafia enters into a confidentiality and standstill agreement with such Person having terms that are not less onerous than those set out in the confidentiality agreement between Aleafia and RWB and any such copies, access or disclosure provided to such Person will have already been (or simultaneously be) provided to RWB; and
 - (e) Aleafia promptly provides RWB with, prior to providing any such copies, access or disclosure, a true, complete and final executed copy of the confidentiality and standstill agreement with such Person.
- (7) Nothing contained in the Arrangement Agreement will prevent the board of directors of Aleafia from:
- (a) complying with Section 2.17 of National Instrument 62-104 – *Takeover Bids and Issuer Bids* and similar provisions under Securities Laws relating to the provision of a directors' circular in respect of an Acquisition Proposal; or
 - (b) calling and/or holding a meeting of shareholders requisitioned by Aleafia Shareholders in accordance with applicable Laws or taking any other action with respect to an Acquisition Proposal to the extent ordered or otherwise mandated by a court of competent jurisdiction in accordance with applicable Laws.
- (8) If Aleafia receives an Acquisition Proposal that constitutes a Superior Proposal prior to the approval of the Arrangement Resolution by Aleafia Shareholders, the board of directors of Aleafia may authorize Aleafia to, subject to compliance with the Termination Fee provisions of the Arrangement Agreement, enter into a definitive agreement with respect to such Superior Proposal, if and only if:
- (a) the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing standstill or similar restriction;
 - (b) Aleafia has been, and continues to be, in compliance with its obligations under these provisions;
 - (c) Aleafia has delivered to RWB a written notice of the determination of the board of directors of Aleafia that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the board of directors of Aleafia to enter into such definitive agreement with respect to such Superior Proposal, together with a written notice from the board of directors of Aleafia regarding the value and financial terms that the board of directors of Aleafia, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Superior Proposal;

- (d) Aleafia has provided RWB a copy of the proposed definitive agreement for the Superior Proposal;
 - (e) at least seven (7) Business Days (the “**Matching Period**”) have elapsed from the date that is the later of the date on which RWB received the Superior Proposal notice from Aleafia and the date on which RWB received a copy of the proposed definitive agreement for the Superior Proposal from Aleafia;
 - (f) during any Matching Period, RWB has had the opportunity (but not the obligation), to offer to Aleafia to amend the Arrangement Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;
 - (g) if RWB has offered to Aleafia to amend the Arrangement Agreement and the Arrangement, the board of directors of Aleafia has determined in good faith, after consultation with Aleafia’s outside legal counsel and financial advisers, that such Acquisition Proposal continues to constitute a Superior Proposal compared to the terms of the Arrangement Agreement as proposed to be amended by RWB;
 - (h) the board of directors of Aleafia has determined in good faith, after consultation with Aleafia’s outside legal counsel that it is appropriate for the board of directors of Aleafia to enter into a definitive agreement with respect to such Superior Proposal; and
 - (i) prior to or concurrent with entering into such definitive agreement Aleafia terminates the Arrangement Agreement and pays the Termination Fee to RWB.
- (8) During the Matching Period, or such longer period as Aleafia may approve in writing for such purpose: (a) the board of directors of Aleafia will review any offer made by RWB to amend the terms of the Arrangement Agreement and the Arrangement in good faith, in consultation with Aleafia’s outside legal counsel and financial advisers, in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) if the board of directors of Aleafia determines that such Acquisition Proposal would cease to be a Superior Proposal as a result of such amendment, Aleafia will negotiate in good faith with RWB to make such amendments to the terms of the Arrangement Agreement and the Arrangement as would enable RWB to proceed with the transactions contemplated by the Arrangement Agreement on such amended terms. If the board of directors of Aleafia determines that such Acquisition Proposal would cease to be a Superior Proposal, Aleafia will promptly so advise RWB and the parties will amend the Arrangement Agreement to reflect such offer made by RWB, and will take and cause to be taken all such actions as are necessary to give effect to the foregoing.
- (9) Each successive amendment or modification to any Acquisition Proposal in respect of Aleafia will constitute a new Acquisition Proposal and RWB will be afforded a new Matching Period from the later of the date on which RWB received the new Superior Proposal notice from Aleafia and the date on which RWB received a copy of the proposed definitive agreement for the new Superior Proposal from Aleafia.
- (10) At RWB’s request, the board of directors of Aleafia will promptly reaffirm its recommendation by press release after it determines that an Acquisition Proposal is not a Superior Proposal or it determines that a proposed amendment to the terms of the

Arrangement Agreement would result in an Acquisition Proposal no longer being a Superior Proposal. Aleafia will provide RWB and its outside legal counsel with a reasonable opportunity to review the form and content of any such press release and will make all reasonable amendments to such press release as requested by RWB and its outside legal counsel.

- (11) If Aleafia provides a Superior Proposal notice to RWB on or after a date that is less than seven (7) Business Days before the Aleafia Meeting, Aleafia will postpone the Aleafia Meeting to a date acceptable to both parties (acting reasonably) that is not more than 10 Business Days after the scheduled date of the Aleafia Meeting but before the agreed upon outside date for completion of the Arrangement.

Schedule "G"
RWB Covenants

I. General and Regarding the Arrangement

- (1) RWB covenants and agrees that, during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except (i) with the express prior written consent of Aleafia, acting reasonably, or (ii) as required or permitted by the Arrangement Agreement:
- (a) RWB's business will be conducted, and RWB will continue to operate its business in the ordinary course, provided that for greater certainty, this will in no way preclude RWB from taking any action in respect of any financing transaction (debt, equity or otherwise) or any other transaction approved by the board of directors of RWB;
 - (b) RWB will use commercially reasonable efforts to maintain and preserve its and its subsidiaries' business organizations, assets (including, for greater certainty, RWB's business assets), goodwill and business relationships with other Persons with which RWB or any of its subsidiaries have business relations; and
 - (c) RWB will not, directly or indirectly, without the consent of Aleafia (such consent not to be unreasonably withheld or delayed):
 - (i) amend its constating documents or, in the case of any subsidiary which is not a corporation, its similar organizational documents;
 - (ii) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of RWB or any of its subsidiaries;
 - (iii) make any material change in RWB's methods of accounting, except as required by concurrent changes in IFRS;
 - (iv) reduce the stated capital of the RWB Shares; or
 - (v) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.
- (2) Without limiting the generality of (1) above, RWB covenants and agrees that, during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except (i) with the express prior written consent of Aleafia, such consent not to be unreasonably withheld, delayed or denied, or (ii) as required or permitted by the Arrangement Agreement, RWB will not, and RWB will not permit any of its subsidiaries to, directly or indirectly:
- (a) split, combine, consolidate or reclassify any of its securities or declare, set aside or pay any dividend or other distribution thereon (whether in cash, securities or

property or any combination thereof), or amend or modify any term of any outstanding debt security;

- (b) amend, modify or terminate, cancel or let lapse any material insurance (or re-insurance) policy of RWB or any subsidiary in effect on the date of the Arrangement Agreement, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the terminated, cancelled or lapsed policies are in full force and effect;
- (3) RWB will forthwith notify Aleafia in writing of:
- (a) any Material Adverse Effect; or
 - (b) any material penalty, filing, action, suit, claim, investigation, audit inquiry, assessment or proceeding commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting RWB or its subsidiaries.
- (4) Subject to the terms and conditions of the Arrangement Agreement, RWB will, and will cause its subsidiaries to, perform all obligations required to be performed by RWB or any of its subsidiaries under the Arrangement Agreement, cooperate with Aleafia in connection therewith, and do all such other commercially reasonable acts and things as may be necessary or desirable to consummate and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, RWB will and, where appropriate, will cause each of its subsidiaries to:
- (a) use its commercially reasonable efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are (i) necessary or advisable under its Material Contracts in connection with the Arrangement or (ii) required in order to maintain its Material Contracts in full force and effect following completion of the Arrangement, in each case, on terms that are reasonably satisfactory to Aleafia, acting reasonably, and without paying, and without committing itself or Aleafia to pay, any consideration or incur any liability or obligation without the prior written consent of Aleafia, acting reasonably;
 - (b) prepare and file, as promptly as practicable, all necessary documents, registrations, statements, petitions, filings and applications for the Regulatory Approvals required to be obtained by RWB or any of its subsidiaries and using its commercially reasonable efforts to obtain and maintain all such Regulatory Approvals, and providing or submitting all documentation and information that is required, or in the reasonable opinion of Aleafia, advisable, in connection with obtaining such Regulatory Approvals;
 - (c) use its commercially reasonable efforts to oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and use its commercially reasonable efforts to defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or the Arrangement Agreement;

- (d) carry out the terms of the Interim Order and the Final Order applicable to it and comply promptly with all requirements imposed by Law on it or its Subsidiaries with respect to the Arrangement Agreement or the Arrangement;
- (e) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement;
- (f) use its commercially reasonable efforts to assist in causing each Aleafia Nominee to be appointed to the board of directors of RWB pursuant to the Arrangement Agreement immediately following the Effective Time;
- (g) on or before the Effective Date reserve a sufficient number of Consideration Shares to be issued upon completion of the Arrangement and RWB Shares to be issued upon the exercise from time to time of the Replacement RWB Options and the Aleafia Warrants;
- (h) apply for and use commercially reasonable efforts to obtain conditional listing approval of the CSE, for the Consideration Shares to be issued upon completion of the Arrangement and for the RWB Shares to be issued upon the exercise from time to time of the Replacement RWB Options and the Aleafia Warrants, subject only to the satisfaction of customary conditions required by the CSE;
- (i) comply with CSE requirements relevant to the Arrangement Agreement; and
- (j) use commercially reasonable efforts to satisfy all conditions precedent set forth in the Arrangement Agreement.

This is Exhibit “NNN” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

Red White & Bloom and Aleafia Health Execute Binding Letter Agreement for Business Combination

- *The Combined Company (as defined below) is expected to represent C\$138 million in trailing distribution and retail revenue from the Canadian, United States and European cannabis end-markets and combined Gross Profit before fair value adjustments of \$39 million.*⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
- *On a combined basis, RWB and Aleafia are expected to service approximately 3,000 retail locations in North America.*⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
- *Expected annualized synergies of approximately C\$10 million in COGS and SG&A through optimization and economies of scale, and elimination of debt service obligations.*⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

TORONTO, June 07, 2023 -- Red White & Bloom Brands Inc. (CSE: RWB and OTC: RWBYF) (“**RWB**” or the “**Company**”) and Aleafia Health Inc. (TSX: AH and OTCQB: ALEAF) (“**Aleafia**”) are pleased to announce that the Company and Aleafia have entered into a binding letter agreement on June 6, 2023 (the “**Letter Agreement**”) whereby the Company has agreed to acquire Aleafia and its subsidiaries in a business combination transaction (the “**Proposed Transaction**”).

Under the terms of the Letter Agreement, each outstanding common share in the capital of Aleafia (each, an “**Aleafia Share**”) will be exchanged for 0.35 of a common share in the capital of the Company (each, an “**RWB Share**”), subject to customary adjustment (the “**Exchange Ratio**”). Upon the completion of the Proposed Transaction, existing RWB shareholders are expected to own approximately 76% of the Combined Company resulting from the Proposed Transaction (the “**Combined Company**”) and Aleafia shareholders are expected to own approximately 24% of the Combined Company.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction, at which time additional information will be provided in a subsequent press release.

Management Commentary

“The intended acquisition of Aleafia expands our footprint to the largest federally legal cannabis market globally,” said Brad Rogers, CEO and Director of RWB. “Combining our award-winning brands and IP with Aleafia’s proven cultivation, manufacturing, and distribution capabilities, creates one of the most dynamic cross border companies in the industry. We continue to focus on delivering significant value to our shareholders and believe this transaction aligns with that commitment.”

“The potential acquisition of Aleafia represents a transformative milestone for RWB. It provides a well-established distribution beachhead for RWB and its premium Platinum brand into the Canadian market, opens up the larger U.S. market to Aleafia’s select brands through RWB’s distribution and retail channels, and provides both companies with an opportunity to mutually leverage their respective competencies in the areas of cultivation, procurement, product development, and sales and marketing,” said Eddie Mattei, CFO of RWB. “Working together, we believe RWB and Aleafia are well positioned to capitalize on value-added synergies that will ultimately enhance the profitability of the Combined Company.”⁽¹⁾

“The Canadian cannabis market has the potential to be a dynamic industry and is rapidly experiencing consolidation. In 2022 and 2023, Aleafia has achieved significant milestones including growing the Divvy brand through expansion into five provincial markets and bolstering its international business through sales into Europe and Australia. The Proposed Transaction is a next step in the Aleafia story as it enhances our size and scale which is a critical requirement to compete in this market and provides Aleafia improved access to capital to execute on our strategic growth opportunities,” said Tricia Symmes, Chief Executive Officer of Aleafia.

“This is a prime opportunity for Aleafia to merge with a multi-state operator. The Proposed Transaction would recapitalize Aleafia’s balance sheet and provide our shareholders with access to a larger market capitalization and exposure to the U.S. recreational and medical cannabis markets,” said Matt Sale, Chief Financial Officer of Aleafia. “The improved financial flexibility and capacity of the Combined Company will enhance the ability to execute on organic and acquisitive growth strategies,” continued Mr. Sale.

Key Business and Transaction Highlights⁽¹⁾

- **Enhanced Size & Scale:** Aleafia generated C\$40 million in revenue in the twelve months ended December 31, 2022, which on a pro forma basis, increases the Combined Company’s revenue profile by 41%.⁽⁴⁾
- **Expanded Retail and Distribution Opportunities:**⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Expected to create an opportunity to collaboratively launch RWB and Aleafia’s premium brands across multiple product categories into well-established distribution and retail networks throughout North America providing approximately 3,000 retail locations in active markets including Michigan, Florida, California, Arizona, Missouri, and select provinces in Canada including Ontario, British Columbia, Alberta, Manitoba, and Saskatchewan and Europe.
- **Potential Synergies:**⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ The Combined Company is anticipated to realize synergies of approximately \$10 million

as the Combined Company will aim to: (i) leverage RWB's supply chain and manufacturing competencies, (ii) increase each of RWB and Aleafia's respective economies of scale with the introduction of incremental premium product volumes, and (iii) optimize Aleafia's post-close operations as a subsidiary of RWB versus a standalone publicly traded entity.

- **Platinum Vapes:**⁽¹⁾⁽²⁾ The Combined Company will be positioned to debut Platinum Vape in the Canadian market as it sets to launch its premium products in Canada. Aleafia will continue to serve as the manufacturing and distribution partner for Platinum Vapes' first international brand expansion.
- Over the years, the Platinum brand has received significant recognition and achieved numerous accolades. BDSA¹ ranks Platinum Vape™ as the #1 selling vape brand in Michigan for multiple months running earning the title of the #1 vape brand in Michigan according to ArcView Industry Vape Report for Platinum Vape™.
- **Divvy**, Aleafia's everyday brand, is consistently one of the top searched brands in Ontario and one of the fastest growing brands in Aleafia's core markets. The success of Aleafia's pre-roll and milled (cropped) product formats, supplied by sun grown flower from the largest outdoor cultivation facility in Canada, has propelled them into a peak #4 and #2, respectively, market share ranking for fiscal year 2023 in Ontario, the largest provincial market in Canada.
- **Management Expertise:**⁽¹⁾⁽²⁾ The Combined Company will be led by a deep roster of seasoned executives with several years of execution experience in markets including cannabis, consumer packaged goods, and vertically integrated manufacturing.

Summary of the Proposed Transaction

The Proposed Transaction is expected to be completed by way of a court-approved plan of arrangement under the *Business Corporations Act* (Ontario). Under the terms of the Letter Agreement, RWB will acquire all of the issued and outstanding Aleafia Shares in exchange for RWB Shares on the basis of the Exchange Ratio. Outstanding options and warrants to purchase Aleafia Shares will become exercisable to acquire RWB Shares on the same terms and conditions, on the basis of the Exchange Ratio. Outstanding restricted and deferred share units of Aleafia will be settled upon closing in RWB Shares on the basis of the Exchange Ratio.

The Proposed Transaction will require the approval of: (a) (i) two-thirds of the votes cast by shareholders of Aleafia, and, if required, (ii) a simple majority of the votes cast by minority Aleafia shareholders in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), at a special meeting of Aleafia shareholders expected to take place in the third quarter of 2023 (the “**Aleafia Meeting**”); (b) debentureholders of the requisite percentage of the principal amount of each series of Aleafia Convertible Debentures (“**Debentureholder Approval**”); and (c) if required, RWB shareholders at a special meeting of RWB shareholders expected to take place in the third quarter of 2023 (the “**RWB Meeting**”).

Completion of the Proposed Transaction will be subject to customary closing conditions and receipt of necessary court and regulatory approvals, including stock exchange approval. Subject to receipt of all necessary approvals, the Proposed Transaction is expected to close by no later than 5:00 p.m. on October 31, 2023 (the “**Effective Time**”).⁽¹⁾

A copy of the Letter Agreement will be filed on Aleafia and RWB's SEDAR profiles at www.sedar.com. Prior to entering into a definitive arrangement agreement, all members of the board of directors of Aleafia, all officers of Aleafia and certain other security holders of Aleafia, will enter into customary support and voting agreements.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction on or before July 31, 2023. The Letter Agreement contains, and the arrangement agreement will continue to contain, standard non-solicitation and superior proposal provisions and a break fee of C\$2 million. The Letter Agreement includes, and arrangement agreement will continue to include other provisions such as conditions to closing the Proposed Transaction, and representations and warranties and covenants customary for arrangement agreements. Further details with respect to the Proposed Transaction will be included in the arrangement agreement and in an information circular to be mailed to Aleafia shareholders in connection with the Aleafia Meeting and to holders of Aleafia Convertible Debentures, as applicable, and to RWB shareholders in connection with the RWB meeting (if required). Once available, copies of the arrangement agreement and information circular will be filed on each of Aleafia and RWB's SEDAR profiles at www.sedar.com, as applicable.

Fairness Opinion

Prior to entering into a definitive arrangement agreement, the disinterested members of the board of directors of Aleafia will engage a financial advisor to provide Aleafia with an opinion stating that the consideration offered pursuant to the Letter Agreement and subsequent definitive arrangement agreement is fair, from a financial point of view to the holders of Aleafia common shares and, if required pursuant to MI 61-101, Aleafia will obtain a formal valuation from an independent valuator.

Aleafia Board Approval

As previously announced by Aleafia, a committee of disinterested members of the board of directors of Aleafia (the “**Committee**”) was previously established to review and evaluate all options available to Aleafia, including the Proposed Transaction. After conducting an analysis of the options available, including the Proposed Transaction, the Committee

unanimously recommended the Proposed Transaction to the board of directors as being in the best interests of Aleafia and Aleafia's security holders.

In recommending the Proposed Transaction, the Committee considered and evaluated a number of factors, including but not limited to:

- Aleafia has experienced recurring losses and currently faces substantial challenges in meeting its financial obligations and maintaining liquidity to fund ongoing operations and further revenue growth.
- Existing contractual restrictions, constraints on accessing capital markets, and Aleafia's financial condition make it challenging to secure alternative sources of funding. Aleafia has been unable to secure sufficient additional equity or debt financing to alleviate its ongoing liquidity issues.
- The Proposed Transaction also provides a viable solution to address Aleafia's financial stability, fund its ongoing operational expenses, service applicable debt requirements, and fund essential strategic projects.
- The combination of RWB and Aleafia brings together complementary strengths and resources in the cannabis industry. The Committee recognizes that the prospective combined entity enhances the ability of both parties to the transaction to achieve their strategic goals and continue to build both shareholder value and confidence in the newly formed, combined entity.

The Committee will continue to independently assess the Proposed Transaction through to closing, including upon completion of diligence and receipt of the fairness opinion, to ensure that Aleafia security holders' interests are protected.

RWB Board Approval

From an RWB perspective, Mr. Colby De Zen has a disclosable interest with respect to the Proposed Transaction given his involvement with certain affiliated parties that may be directors, creditors and/or shareholders of RWB and Aleafia, and which are owned and controlled by members of Mr. Colby De Zen's family. In accordance with Canadian corporate law requirements, he declared the nature and extent of his interest in the Proposed Transaction and recused himself from consideration and voting on the Proposed Transaction. The disinterested directors of RWB participated in evaluating and recommending the Proposed Transaction.

Assignment of Secured Debt

Concurrent with entering into the Letter Agreement, the loan agreement made as of December 24, 2021, between Aleafia and certain of its subsidiaries, as borrower, with certain of Aleafia's other subsidiaries as guarantors, and NE SPC II LP, as lender, as amended on March 28, 2022, June 17, 2022, April 26, 2023, May 15, 2023, and May 31, 2023 (the "**Aleafia Senior Secured Loan Agreement**") was assigned by NE SPC II LP to RWB.

Credit Facility and Settlement of Aleafia Convertible Debentures

Pursuant to the Letter Agreement, within 30 days of the Letter Agreement, RWB and Aleafia will negotiate in good faith a credit facility to be provided by RWB to Aleafia of \$17.5 million (the "**RWB Credit Facility**"). In the event that either party terminates the Letter Agreement or arrangement agreement, the board of directors of Aleafia does not unanimously recommend that Aleafia Shareholders vote in favour of the Proposed Transaction or the Proposed Transaction fails to gain any of the prerequisite approvals required to close, including but not limited to any required security holder approvals, such as the approval of the holders of the Aleafia Convertible Debentures, or court approval of the Arrangement, or if any conditions to closing the Proposed Transaction are not satisfied or waived, the due date of the RWB Credit Facility will accelerate.

RWB intends to secure a \$30 million credit facility (the "**New Credit Facility**"). The proceeds from the New Credit Facility will serve multiple purposes, including the funding of the assignment of the Aleafia Senior Secure Loan Agreement to RWB, full and final settlement of all outstanding principal and accrued interest and any other amounts owing in respect of certain Aleafia convertible debentures issued under the amended and restated debenture indenture providing for the issue of certain convertible debentures dated as of June 27, 2022 between Aleafia and Computershare Trust Company of Canada, as the trustee, as supplemented by: (a) the first supplemental indenture dated as of June 27, 2022 (providing for the issue of the 8.5% Series A Secured Convertible Debentures Due June 30, 2024); (b) the second supplemental indenture dated as of June 27, 2022 (providing for the issue of the 8.5% Series B Secured Convertible Debentures Due June 30, 2026), and (c) the first supplemental indenture dated as of June 27, 2022 (providing for the issue of 8.50% Series C Secured Debentures Due June 30, 2028) (collectively, the "**Aleafia Convertible Debentures**") for an aggregate of \$6 million at the Effective Time (subject to receipt of Debentureholder Approval), funding working capital requirements and targeted growth initiatives of the Combined Company, and covering general corporate expenses and transaction costs associated with the Proposed Transaction. Specific terms for the New Credit Facility will be confirmed upon execution of final funding agreements and will be subject to the completion of the Proposed Transaction.

Concurrently with the execution of the Letter Agreement, Royal Group Resources Ltd. ("**RGR**"), an existing creditor of both RWB and Aleafia, provided RWB with \$14 million as an advance under the Company's existing secured note in favour of RGR dated March 27, 2023 (the "**RGR Advance**"). The RGR Advance will be retired upon closing of the New Credit Facility.

Also concurrent with the execution of the Letter Agreement and upon receipt of the RGR Advance, RWB will enter into an agreement to advance to Aleafia an amount equal to \$1.5 million under the Aleafia Senior Secured Loan Agreement.

Notes:

- (1) This is forward-looking information and based on a number of assumptions. See “Cautionary Note Regarding Forward-Looking Information” and “Assumptions”.
- (2) This target, and the related assumptions, involve known and unknown risks and uncertainties that may cause actual results to differ materially. See “Assumptions”.
- (3) Certain financial information included in this press release is neither audited nor reviewed. Where possible, the information has been constructed by management from available audited or audit reviewed financial statements. Where no audited or audit reviewed information has been available, additional management accounting information has been utilized to construct financial information. Readers are cautioned not to place undue reliance on such information.
- (4) Based on the twelve months ended December 31, 2022.

About Red White & Bloom Brands Inc.

Red White & Bloom is a multi-state cannabis operator and house of premium brands in the U.S. legal cannabis sector. RWB is predominantly focusing its investments on the major U.S. markets, including Arizona, California, Florida, Massachusetts, Missouri, and Michigan.

Red White & Bloom Brands Inc. Investor and Media Relations

Edoardo Mattei, CFO

IR@RedWhiteBloom.com

947-225-0503, x.1003

Visit us on the web: www.redwhitebloom.com

Follow us on social media:

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About Aleafia Health Inc.

Aleafia is a federally licensed Canadian cannabis company offering cannabis products in Canadian adult-use and medical markets and in select international markets, including Australia and Germany. Aleafia operates a virtual medical cannabis clinic staffed by physicians and nurse practitioners which provide health and wellness services across Canada.

Aleafia owns three licensed cannabis production facilities and operates a strategically located distribution centre all in the province of Ontario, including the largest, outdoor cannabis cultivation facility in Canada. Aleafia produces a diverse portfolio of cannabis and cannabis derivative products including dried flower, pre-roll, milled, vapes, oils, capsules, edibles, sublingual strips and topicals.

For Aleafia Investor & Media Relations

Matthew Sale, CFO

IR@Aleafiahealth.com

LEARN MORE: www.AleafiaHealth.com

Cautionary Note Regarding Forward-Looking Information

This news release contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements.

In this news release, forward-looking statements relate to, among other things, statements regarding: the Proposed Transaction; the definitive arrangement agreement that the parties anticipate entering into in connection with the Proposed Transaction; the receipt of necessary shareholder, court and regulatory approvals for the Proposed Transaction; the anticipated timeline for completing the Proposed Transaction; the terms and conditions pursuant to which the Proposed Transaction will be completed, if at all; the anticipated benefits of the Proposed Transaction; the Combined Company; the future financial and operational performance of the Combined Company; the Combined Company’s key business segments, product offerings, and overall financial performance; products of the Combined Company; and potential future revenue and cost synergies resulting from the Proposed Transaction. These forward-looking statements are not guarantees of future results and involve risks and uncertainties that may cause actual results to differ materially from the potential results discussed in the forward-looking statements.

In respect of the forward-looking statements concerning the Proposed Transaction, including the entering into of the definitive

arrangement agreement, and the anticipated timing for completion of the Proposed Transaction, the Company and Aleafia have relied on certain assumptions that it believes are reasonable at this time, including assumptions as to the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory, court, shareholder, stock exchange and other third party approvals and the ability of the parties to satisfy, in a timely manner, the other conditions to the completion of the Proposed Transaction. This timeline may change for a number of reasons, including unforeseen delays in preparing meeting materials; inability to secure necessary regulatory, court, shareholder, stock exchange or other third-party approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the Proposed Transaction. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release concerning these times.

Risks and uncertainties that may cause such differences include but are not limited to: the risk that the Proposed Transaction may not be completed on a timely basis, if at all; the conditions to the consummation of the Proposed Transaction may not be satisfied; the risk that the Proposed Transaction may involve unexpected costs, liabilities or delays; the possibility that legal proceedings may be instituted against the Company, Aleafia and/or others relating to the Proposed Transaction and the outcome of such proceedings; the possible occurrence of an event, change or other circumstance that could result in termination of the Proposed Transaction; risks relating to the failure to obtain necessary shareholder and court approval; other risks inherent in the plant-based food industry. Failure to obtain the requisite approvals, or the failure of the parties to otherwise satisfy the conditions to or complete the Proposed Transaction, may result in the Proposed Transaction not being completed on the proposed terms, or at all. In addition, if the Proposed Transaction is not completed, the announcement of the Proposed Transaction and the dedication of substantial resources of the Company and Aleafia to the completion of the Proposed Transaction could have a material adverse impact on each of the Company's and Aleafia's share price, its current business relationships and on the current and future operations, financial condition, and prospects of each of the Company and Aleafia.

Financial Outlook and Assumptions

The Company, Aleafia and their respective management believe that the statements regarding expected annual synergies from the Combined Company in COGS, SG&A and debt service contained in this press release are reasonable as of the date hereof, are based on management's current views, strategies, expectations, assumptions, and forecasts, and have been calculated using accounting policies that are generally consistent with the Company's current accounting policies. These statements are considered future-oriented financial outlooks and financial information (collectively, "FOFI") under applicable securities laws. These statements and any other FOFI included herein have been approved by management of the Company and Aleafia as of the date hereof. Such FOFI are provided for the purposes of presenting information about management's current expectations and goals relating to the benefits of the Proposed Transaction and the future business of the combined company. However, because this information is highly subjective and subject to numerous risks, including the risks discussed above under "Cautionary Note Regarding Forward Looking Information", it should not be relied on as necessarily indicative of future results. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the FOFI prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated, or expected. Although management of RWB and Aleafia have attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Each of the Company and Aleafia disclaims any intention or obligation to update or revise any FOFI, whether as a result of new information, future events or otherwise, except as required by securities laws.

In developing the financial guidance set forth above, RWB and Aleafia made the following assumptions and relied on the following factors and considerations:

- The targets are based on each of RWB's and Aleafia's historical results including annualized revenue from its financial results for the period ended December 31, 2022, as adjusted for subsequent events including completion of the Proposed Transaction.
- Revenue sustainability and growth depend on a variety of factors, including among other things, location, competition, legal and regulatory requirements.
- The immediate reduction of public company professional and service fees, such as but not limited to, errors and omissions insurance, audit services, listing expenses and external legal fees, as well as other cost reductions typical in M&A transactions.
- No changes to existing cannabis legislation and regulations in Canada, the United States and Europe.
- All RWB and Aleafia regulatory licences remain in good standing with domestic and international regulators.

¹ <https://www.unitedstatesofcannabis.leaflink.com/michigan>

This is Exhibit “OOO” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Kinn".

Commissioner for Taking Affidavits

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 **Name and Address of Company**

Aleafia Health Inc. (the “**Company**”)
85 Basaltic Road
Concord, Ontario
L4K 1G4

Item 2 **Date of Material Change**

May 25, 2023, June 1, 2023 and June 6, 2023.

Item 3 **News Release**

News releases issued by the Company with respect to the material change referred to in this Material Change Report were disseminated via Globe Newswire and filed on SEDAR on May 25, 2023, June 1, 2023 and June 7, 2023.

Item 4 **Summary of Material Change**

On each of May 25, 2023 and June 1, 2023, the Company announced that it had entered into an amendment to the terms of the loan agreement with NE SPC II LP (“**NE SPC**”) dated as of December 24, 2021 and as previously amended (the “**Loan Agreement**”).

While the original Loan Agreement provided that the indebtedness owed to NE SPC could be made payable on demand, NE SPC agreed in certain amendments (the “**Amendments**”) to forbear on enforcing the Loan Agreement until the earlier of (a) an event of default, or (b) June 5, 2023. The amended terms also provided for additional circumstances that would constitute an event of default as well as additional covenants imposed on the Company including an obligation to repay the entire balance owing under the Loan Agreement in certain circumstances.

In connection with the Amendments, the Company announced on May 25, 2023 that the disinterested members of the board of directors (the “**Committee**”) had commenced a strategic review process to explore and evaluate potential strategic alternatives that may be available to the Company with the goal of maximizing value for the Company’s shareholders and other stakeholders of the Company.

On June 7, 2023, in a joint press release issued by the Company and Red White & Bloom Brands Inc. (“**RWB**”), the Company announced it had entered into a binding letter agreement on June 6, 2023 (the “**Letter Agreement**”) whereby RWB had agreed to acquire the Company and its subsidiaries in a business combination transaction (the “**Proposed Transaction**”) by way of a plan of arrangement.

Under the terms of the Letter Agreement, each outstanding common share in the capital of the Company (each, an “**Aleafia Share**”) will be exchanged for 0.35 of a common share in the capital of RWB (each, an “**RWB Share**”), subject to customary adjustment (the “**Exchange Ratio**”). Upon the completion of the Proposed Transaction, existing RWB shareholders are expected to own approximately 76% of the entity resulting from the Proposed Transaction (the “**Combined Company**”) and shareholders of the Company are expected to own approximately 24% of the Combined Company. Outstanding options and warrants to purchase Aleafia Shares will become exercisable to acquire RWB Shares on the same terms and conditions, on the basis of the Exchange Ratio. Outstanding restricted and deferred share units of the Company will be settled upon closing in RWB Shares on the basis of the Exchange Ratio.

The Proposed Transaction will require the approval of: (a) (i) two-thirds of the votes cast by shareholders of the Company, and, if required, (ii) a simple majority of the votes cast by minority shareholders of the Company in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), at a special meeting of shareholders of the Company expected to take place in the third quarter of 2023 (the “**Aleafia Meeting**”); (b) debentureholders of the requisite percentage of the principal amount of each series of Aleafia Convertible Debentures (“**Debentureholder Approval**”); and (c) if required, RWB shareholders at a special meeting of RWB shareholders expected to take place in the third quarter of 2023 (the “**RWB Meeting**”).

Completion of the Proposed Transaction will be subject to customary closing conditions and receipt of necessary court and regulatory approvals, including stock exchange approval. Subject to receipt of all necessary approvals, the Proposed Transaction is expected to close by no later than 5:00 p.m. on October 31, 2023 (the “**Effective Time**”).⁽¹⁾

A copy of the Letter Agreement has been filed on the Company’s SEDAR profile at www.sedar.com. Prior to entering into a definitive arrangement agreement, all members of the board of directors of the Company, all officers of the Company and certain other security holders of the Company, will enter into customary support and voting agreements.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction on or before July 31, 2023. The Letter Agreement contains, and the arrangement agreement will continue to contain, standard non-solicitation and superior proposal provisions and a break fee of C\$2 million. The Letter Agreement includes, and arrangement agreement will continue to include other provisions such as conditions to closing the Proposed Transaction, and representations and warranties and covenants customary for arrangement agreements. Further details with respect to the Proposed Transaction will be included in the arrangement agreement and in an information circular to be mailed to shareholders of the Company in connection with the Aleafia Meeting and to holders of Aleafia Convertible Debentures (as defined below), as applicable, and to RWB shareholders in connection with the RWB meeting (if required). Once available, copies of the arrangement agreement and information circular will be filed on Aleafia’s SEDAR profile at www.sedar.com.

Fairness Opinion and Committee Recommendation

Prior to entering into a definitive arrangement agreement, the Committee will engage a financial advisor to provide the Company with an opinion stating that the consideration offered pursuant to the Letter Agreement and subsequent definitive arrangement agreement is fair, from a financial point of view to the holders of Aleafia Shares and, if required pursuant to MI 61-101, the Company will obtain a formal valuation from an independent valuator.

After conducting an analysis of the options available, including the Proposed Transaction, the Committee unanimously recommended the Proposed Transaction to the board of directors as being in the best interests of the Company and its security holders.

Assignment of Secured Debt

Concurrent with entering into the Letter Agreement, the Loan Agreement was assigned by NE SPC II LP to RWB.

Credit Facility and Settlement of Aleafia Convertible Debentures

Pursuant to the Letter Agreement, within 30 days of the Letter Agreement, RWB and the Company will negotiate in good faith a credit facility to be provided by RWB to the Company of \$17.5 million (the “**RWB Credit Facility**”). In the event that either party terminates the Letter Agreement or arrangement agreement, the board of directors of the Company does

not unanimously recommend that shareholders of the Company vote in favour of the Proposed Transaction or the Proposed Transaction fails to gain any of the prerequisite approvals required to close, including but not limited to any required security holder approvals, such as the approval of the holders of the Aleafia Convertible Debentures, or court approval of the Arrangement, or if any conditions to closing the Proposed Transaction are not satisfied or waived, the due date of the RWB Credit Facility will accelerate.

RWB intends to secure a \$30 million credit facility, the proceeds of which will serve multiple purposes, including the funding of the assignment of the Loan Agreement to RWB, full and final settlement of all outstanding principal and accrued interest and any other amounts owing in respect of certain convertible debentures of the Company issued under the amended and restated debenture indenture providing for the issue of certain convertible debentures dated as of June 27, 2022 between the Company and Computershare Trust Company of Canada, as the trustee, as supplemented by: (a) the first supplemental indenture dated as of June 27, 2022 (providing for the issue of the 8.5% Series A Secured Convertible Debentures Due June 30, 2024; (b) the second supplemental indenture dated as of June 27, 2022 (providing for the issue of the 8.5% Series B Secured Convertible Debentures Due June 30, 2026), and (c) the first supplemental indenture dated as of June 27, 2022 (providing for the issue of 8.50% Series C Secured Debentures Due June 30, 2028) (collectively, the “**Aleafia Convertible Debentures**”) for an aggregate of \$6 million at the Effective Time (subject to receipt of Debentureholder Approval), funding working capital requirements and targeted growth initiatives of the Combined Company, and covering general corporate expenses and transaction costs associated with the Proposed Transaction.

Also concurrent with the execution of the Letter Agreement, RWB entered into an agreement to advance to the Company an amount equal to \$1.5 million under the Loan Agreement.

Item 5 **Full Description of Material Change**

Please see the press releases attached as Schedule “A”, Schedule “B” and Schedule “C” for a full description of the material change.

Item 6 **Reliance on subsection 7.1(2) of National Instrument 51-102**

This report is not being filed on a confidential basis.

Item 7 **Omitted Information**

No information has been omitted in respect of the material change.

Item 8 **Executive Officer**

The following executive officer of the Company is knowledgeable about the material change disclosed in this report:

Matthew Sale
Chief Financial Officer
Telephone: (416) 860-5665

Item 9 **Date of Report**

June 13, 2023

Schedule "A"

ALEAFIA HEALTH ANNOUNCES AMENDMENTS TO CREDIT FACILITY AND STRATEGIC REVIEW PROCESS

TORONTO, May 25, 2023 – Aleafia Health Inc. (TSX: AH, OTCQB: ALEAF) ("**Aleafia Health**" or the "**Company**") announces that the Company has entered into an amendment to the terms of the loan agreement with NE SPC II LP ("**NE SPC**") dated as of December 24, 2021 and as previously amended by agreements dated March 28, 2022 and June 17, 2022 (the "**Loan Agreement**").

While the original Loan Agreement provided that the indebtedness owed to NE SPC could be made payable on demand, NE SPC has agreed in the amendment (the "**Amendment**") to forbear on enforcing the Loan Agreement until the earlier of (a) an event of default, or (b) May 31, 2023. The amended terms also provide for additional circumstances that would constitute an event of default as well as additional covenants imposed on the Company including an obligation to repay the entire balance owing under the Loan Agreement in certain circumstances. The Company is currently in breach of certain financial covenants under the Loan Agreement.

In connection with the Amendment, and in anticipation of the May 31, 2023 deadline, disinterested members of the Company's board of directors (the "**Committee**") have commenced a strategic review process (the "**Strategic Review Process**") to explore and evaluate potential strategic alternatives that may be available to the Company with the goal of maximizing value for Aleafia Health shareholders (the "**Shareholders**") and other stakeholders of the Company. These alternatives may include, but are not limited to, the refinancing of the indebtedness under the Loan Agreement, a sale of all or a portion of the assets of the Company, a sale of all or a portion of the common shares of the Company, a business combination transaction, new debt or equity financings or refinancings, a strategic investment in the Company or other strategic transaction structure (each, a "**Potential Transaction**").

The Committee is leading the process and will manage any expressions of interest related to any Potential Transaction and will work with professional advisors to assess the fairness of any Potential Transaction to Shareholders and other stakeholders and make recommendations to the Board in respect of all such matters.

No decisions relating to any specific Potential Transaction have been made as at the date of this news release and there are no assurances that any Potential Transaction will result from the Strategic Review Process by May 31, 2023, or at all. The Company does not intend to comment further with respect to the Strategic Review Process unless and until it determines that additional disclosure is appropriate in the circumstances and in accordance with applicable securities laws.

For Investor & Media Relations

Matthew Sale, CFO
IR@Aleafiahealth.com
LEARN MORE: www.AleafiaHealth.com

About Aleafia Health:

The Company is a federally licensed Canadian cannabis company offering cannabis products in Canadian adult-use and medical markets and in select international markets, including Australia and Germany. The Company operates a virtual medical cannabis clinic staffed by physicians and nurse practitioners which provide health and wellness services across Canada.

The Company owns three licensed cannabis production facilities and operates a strategically located distribution centre all in the province of Ontario, including the largest, outdoor cannabis cultivation facility in Canada. The Company produces a diverse portfolio of cannabis and cannabis derivative products including dried flower, pre-roll, milled, vapes, oils, capsules, edibles, sublingual strips and topicals.

Cautionary Note Regarding Forward-Looking Statements

Certain statements herein relating to the Company constitute "forward-looking information" within the meaning of applicable securities laws. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as

“expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate to, among other things, statements regarding: the potential results and timing of the Strategic Review Process, the ability of the Company to maximize value for Shareholders and other stakeholders and the potential structure and timing of one or more Potential Transactions. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; the inability of the Company to obtain adequate financing; the delay or failure to receive regulatory approvals; and other factors discussed in the Company’s filings, available on the SEDAR website at www.sedar.com. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, the Company assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.

Schedule “B”

ALEAFIA HEALTH ANNOUNCES EXTENSION OF FORBEARANCE UNDER LOAN AGREEMENT WITH SENIOR LENDER

TORONTO, June 1, 2023 – Aleafia Health Inc. (TSX: AH, OTCQB: ALEAF) (“**Aleafia Health**” or the “**Company**”) announces that the Company has entered into a forbearance agreement with NE SPC II LP (“NE SPC”) extending the forbearance period under its loan agreement with NE SPC until June 5, 2023. The forbearance agreement comes in light of ongoing negotiations between the Company, NE SPC and a potential alternative lender regarding a potential refinancing of the indebtedness existing under the Company’s loan agreement with NE SPC dated December 24, 2021 and as previously amended by agreements dated March 28, 2022, June 17, 2022, and May 15, 2023 (the “**Loan Agreement**”).

As previously disclosed by the Company, NE SPC recently agreed to amend the terms of the Loan Agreement and to forbear from enforcing its rights under the Loan Agreement until the earlier of (a) an event of default, or (b) May 31, 2023.

No decisions relating to any potential refinancing have been made as at the date of this news release and the Company does not intend to comment further with respect to a potential refinancing, or any other transaction which may result from the strategic review process announced by the Company on May 25, 2023, unless and until it determines that additional disclosure is appropriate in the circumstances and in accordance with applicable securities laws.

For Investor & Media Relations

Matthew Sale, CFO
IR@Aleafiahealth.com
LEARN MORE: www.AleafiaHealth.com

About Aleafia Health:

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obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.

Schedule “C”

Red White & Bloom and Aleafia Health Execute Binding Letter Agreement for Business Combination

- *The Combined Company (as defined below) is expected to represent C\$138 million in trailing distribution and retail revenue from the Canadian, United States and European cannabis end-markets and combined Gross Profit before fair value adjustments of \$39 million.*⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
- *On a combined basis, RWB and Aleafia are expected to service approximately 3,000 retail locations in North America.*⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
- *Expected annualized synergies of approximately C\$10 million in COGS and SG&A through optimization and economies of scale, and elimination of debt service obligations.*⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

TORONTO, ONTARIO June 7, 2023 (GLOBE NEWSWIRE) - Red White & Bloom Brands Inc. (CSE: RWB and OTC: RWBYF) (“**RWB**” or the “**Company**”) and Aleafia Health Inc. (TSX: AH and OTCQB: ALEAF) (“**Aleafia**”) are pleased to announce that the Company and Aleafia have entered into a binding letter agreement on June 6, 2023 (the “**Letter Agreement**”) whereby the Company has agreed to acquire Aleafia and its subsidiaries in a business combination transaction (the “**Proposed Transaction**”).

Under the terms of the Letter Agreement, each outstanding common share in the capital of Aleafia (each, an “**Aleafia Share**”) will be exchanged for 0.35 of a common share in the capital of the Company (each, an “**RWB Share**”), subject to customary adjustment (the “**Exchange Ratio**”). Upon the completion of the Proposed Transaction, existing RWB shareholders are expected to own approximately 76% of the Combined Company resulting from the Proposed Transaction (the “**Combined Company**”) and Aleafia shareholders are expected to own approximately 24% of the Combined Company.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction, at which time additional information will be provided in a subsequent press release.

Management Commentary

“The intended acquisition of Aleafia expands our footprint to the largest federally legal cannabis market globally,” said Brad Rogers, CEO and Director of RWB. “Combining our award-winning brands and IP with Aleafia’s proven cultivation, manufacturing, and distribution capabilities, creates one of the most dynamic cross border companies in the industry. We continue to focus on delivering significant value to our shareholders and believe this transaction aligns with that commitment.”

“The potential acquisition of Aleafia represents a transformative milestone for RWB. It provides a well-established distribution beachhead for RWB and its premium Platinum brand into the Canadian market, opens up the larger U.S. market to Aleafia’s select brands through RWB’s distribution and retail channels, and provides both companies with an opportunity to mutually leverage their respective competencies in the areas of cultivation, procurement, product development, and sales and marketing,” said Eddie Mattei, CFO of RWB. “Working together, we believe RWB and Aleafia are well positioned to capitalize on value-added synergies that will ultimately enhance the profitability of the Combined Company.”⁽¹⁾

“The Canadian cannabis market has the potential to be a dynamic industry and is rapidly experiencing consolidation. In 2022 and 2023, Aleafia has achieved significant milestones including growing the Divvy brand through expansion into five provincial markets and bolstering its international business through sales into Europe and Australia. The Proposed Transaction is a next step in the Aleafia story as it enhances our size and scale which is a critical requirement to compete in this market and provides Aleafia improved access to capital to execute on our strategic growth opportunities,” said Tricia Symmes, Chief Executive Officer of Aleafia.

“This is a prime opportunity for Aleafia to merge with a multi-state operator. The Proposed Transaction would recapitalize Aleafia’s balance sheet and provide our shareholders with access to a larger market capitalization and exposure to the U.S. recreational and medical cannabis markets,” said Matt Sale, Chief Financial Officer of Aleafia. “The improved financial flexibility and capacity of the Combined Company will enhance the ability to execute on organic and acquisitive growth strategies,” continued Mr. Sale.

Key Business and Transaction Highlights⁽¹⁾

- **Enhanced Size & Scale:** Aleafia generated C\$40 million in revenue in the twelve months ended December 31, 2022, which on a pro forma basis, increases the Combined Company’s revenue profile by 41%.⁽⁴⁾

- **Expanded Retail and Distribution Opportunities:**⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Expected to create an opportunity to collaboratively launch RWB and Aleafia's premium brands across multiple product categories into well-established distribution and retail networks throughout North America providing approximately 3,000 retail locations in active markets including Michigan, Florida, California, Arizona, Missouri, and select provinces in Canada including Ontario, British Columbia, Alberta, Manitoba, and Saskatchewan and Europe.
- **Potential Synergies:**⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ The Combined Company is anticipated to realize synergies of approximately \$10 million as the Combined Company will aim to: (i) leverage RWB's supply chain and manufacturing competencies, (ii) increase each of RWB and Aleafia's respective economies of scale with the introduction of incremental premium product volumes, and (iii) optimize Aleafia's post-close operations as a subsidiary of RWB versus a standalone publicly traded entity.
- **Platinum Vapes:**⁽¹⁾⁽²⁾ The Combined Company will be positioned to debut Platinum Vape in the Canadian market as it sets to launch its premium products in Canada. Aleafia will continue to serve as the manufacturing and distribution partner for Platinum Vapes' first international brand expansion.
- Over the years, the Platinum brand has received significant recognition and achieved numerous accolades. BDSA¹ ranks Platinum Vape™ as the #1 selling vape brand in Michigan for multiple months running earning the title of the #1 vape brand in Michigan according to ArcView Industry Vape Report for Platinum Vape™.
- **Divvy**, Aleafia's everyday brand, is consistently one of the top searched brands in Ontario and one of the fastest growing brands in Aleafia's core markets. The success of Aleafia's pre-roll and milled (cropped) product formats, supplied by sun grown flower from the largest outdoor cultivation facility in Canada, has propelled them into a peak #4 and #2, respectively, market share ranking for fiscal year 2023 in Ontario, the largest provincial market in Canada.
- **Management Expertise:**⁽¹⁾⁽²⁾ The Combined Company will be led by a deep roster of seasoned executives with several years of execution experience in markets including cannabis, consumer packaged goods, and vertically integrated manufacturing.

Summary of the Proposed Transaction

The Proposed Transaction is expected to be completed by way of a court-approved plan of arrangement under the *Business Corporations Act* (Ontario). Under the terms of the Letter Agreement, RWB will acquire all of the issued and outstanding Aleafia Shares in exchange for RWB Shares on the basis of the Exchange Ratio. Outstanding options and warrants to purchase Aleafia Shares will become exercisable to acquire RWB Shares on the same terms and conditions, on the basis of the Exchange Ratio. Outstanding restricted and deferred share units of Aleafia will be settled upon closing in RWB Shares on the basis of the Exchange Ratio.

The Proposed Transaction will require the approval of: (a) (i) two-thirds of the votes cast by shareholders of Aleafia, and, if required, (ii) a simple majority of the votes cast by minority Aleafia shareholders in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), at a special meeting of Aleafia shareholders expected to take place in the third quarter of 2023 (the “**Aleafia Meeting**”); (b) debentureholders of the requisite percentage of the principal amount of each series of Aleafia Convertible Debentures (“**Debentureholder Approval**”); and (c) if required, RWB shareholders at a special meeting of RWB shareholders expected to take place in the third quarter of 2023 (the “**RWB Meeting**”).

Completion of the Proposed Transaction will be subject to customary closing conditions and receipt of necessary court and regulatory approvals, including stock exchange approval. Subject to receipt of all necessary approvals, the Proposed Transaction is expected to close by no later than 5:00 p.m. on October 31, 2023 (the “**Effective Time**”).⁽¹⁾

A copy of the Letter Agreement will be filed on Aleafia and RWB's SEDAR profiles at www.sedar.com. Prior to entering into a definitive arrangement agreement, all members of the board of directors of Aleafia, all officers of Aleafia and certain other security holders of Aleafia, will enter into customary support and voting agreements.

The Letter Agreement provides for the parties to enter into a definitive arrangement agreement setting out the final terms and conditions of the Proposed Transaction on or before July 31, 2023. The Letter Agreement contains, and the arrangement agreement will continue to contain, standard non-solicitation and superior proposal provisions and a break fee of C\$2 million. The Letter Agreement includes, and arrangement agreement will continue to include other provisions such as conditions to closing the Proposed Transaction, and representations and warranties and covenants customary

¹ <https://www.unitedstatesofcannabis.leafinlink.com/michigan>

for arrangement agreements. Further details with respect to the Proposed Transaction will be included in the arrangement agreement and in an information circular to be mailed to Aleafia shareholders in connection with the Aleafia Meeting and to holders of Aleafia Convertible Debentures, as applicable, and to RWB shareholders in connection with the RWB meeting (if required). Once available, copies of the arrangement agreement and information circular will be filed on each of Aleafia and RWB's SEDAR profiles at www.sedar.com, as applicable.

Fairness Opinion

Prior to entering into a definitive arrangement agreement, the disinterested members of the board of directors of Aleafia will engage a financial advisor to provide Aleafia with an opinion stating that the consideration offered pursuant to the Letter Agreement and subsequent definitive arrangement agreement is fair, from a financial point of view to the holders of Aleafia common shares and, if required pursuant to MI 61-101, Aleafia will obtain a formal valuation from an independent valuator.

Aleafia Board Approval

As previously announced by Aleafia, a committee of disinterested members of the board of directors of Aleafia (the "**Committee**") was previously established to review and evaluate all options available to Aleafia, including the Proposed Transaction. After conducting an analysis of the options available, including the Proposed Transaction, the Committee unanimously recommended the Proposed Transaction to the board of directors as being in the best interests of Aleafia and Aleafia's security holders.

In recommending the Proposed Transaction, the Committee considered and evaluated a number of factors, including but not limited to:

- Aleafia has experienced recurring losses and currently faces substantial challenges in meeting its financial obligations and maintaining liquidity to fund ongoing operations and further revenue growth.
- Existing contractual restrictions, constraints on accessing capital markets, and Aleafia's financial condition make it challenging to secure alternative sources of funding. Aleafia has been unable to secure sufficient additional equity or debt financing to alleviate its ongoing liquidity issues.
- The Proposed Transaction also provides a viable solution to address Aleafia's financial stability, fund its ongoing operational expenses, service applicable debt requirements, and fund essential strategic projects.
- The combination of RWB and Aleafia brings together complementary strengths and resources in the cannabis industry. The Committee recognizes that the prospective combined entity enhances the ability of both parties to the transaction to achieve their strategic goals and continue to build both shareholder value and confidence in the newly formed, combined entity.

The Committee will continue to independently assess the Proposed Transaction through to closing, including upon completion of diligence and receipt of the fairness opinion, to ensure that Aleafia security holders' interests are protected.

RWB Board Approval

From an RWB perspective, Mr. Colby De Zen has a disclosable interest with respect to the Proposed Transaction given his involvement with certain affiliated parties that may be directors, creditors and/or shareholders of RWB and Aleafia, and which are owned and controlled by members of Mr. Colby De Zen's family. In accordance with Canadian corporate law requirements, he declared the nature and extent of his interest in the Proposed Transaction and recused himself from consideration and voting on the Proposed Transaction. The disinterested directors of RWB participated in evaluating and recommending the Proposed Transaction.

Assignment of Secured Debt

Concurrent with entering into the Letter Agreement, the loan agreement made as of December 24, 2021, between Aleafia and certain of its subsidiaries, as borrower, with certain of Aleafia's other subsidiaries as guarantors, and NE SPC II LP, as lender, as amended on March 28, 2022, June 17, 2022, April 26, 2023, May 15, 2023, and May 31, 2023 (the "**Aleafia Senior Secured Loan Agreement**") was assigned by NE SPC II LP to RWB.

Credit Facility and Settlement of Aleafia Convertible Debentures

Pursuant to the Letter Agreement, within 30 days of the Letter Agreement, RWB and Aleafia will negotiate in good faith a credit facility to be provided by RWB to Aleafia of \$17.5 million (the "**RWB Credit Facility**"). In the event that either

party terminates the Letter Agreement or arrangement agreement, the board of directors of Aleafia does not unanimously recommend that Aleafia Shareholders vote in favour of the Proposed Transaction or the Proposed Transaction fails to gain any of the prerequisite approvals required to close, including but not limited to any required security holder approvals, such as the approval of the holders of the Aleafia Convertible Debentures, or court approval of the Arrangement, or if any conditions to closing the Proposed Transaction are not satisfied or waived, the due date of the RWB Credit Facility will accelerate.

RWB intends to secure a \$30 million credit facility (the “**New Credit Facility**”). The proceeds from the New Credit Facility will serve multiple purposes, including the funding of the assignment of the Aleafia Senior Secured Loan Agreement to RWB, full and final settlement of all outstanding principal and accrued interest and any other amounts owing in respect of certain Aleafia convertible debentures issued under the amended and restated debenture indenture providing for the issue of certain convertible debentures dated as of June 27, 2022 between Aleafia and Computershare Trust Company of Canada, as the trustee, as supplemented by: (a) the first supplemental indenture dated as of June 27, 2022 (providing for the issue of the 8.5% Series A Secured Convertible Debentures Due June 30, 2024; (b) the second supplemental indenture dated as of June 27, 2022 (providing for the issue of the 8.5% Series B Secured Convertible Debentures Due June 30, 2026), and (c) the first supplemental indenture dated as of June 27, 2022 (providing for the issue of 8.50% Series C Secured Debentures Due June 30, 2028) (collectively, the “**Aleafia Convertible Debentures**”) for an aggregate of \$6 million at the Effective Time (subject to receipt of Debentureholder Approval), funding working capital requirements and targeted growth initiatives of the Combined Company, and covering general corporate expenses and transaction costs associated with the Proposed Transaction. Specific terms for the New Credit Facility will be confirmed upon execution of final funding agreements and will be subject to the completion of the Proposed Transaction.

Concurrently with the execution of the Letter Agreement, Royal Group Resources Ltd. (“**RGR**”), an existing creditor of both RWB and Aleafia, provided RWB with \$14 million as an advance under the Company’s existing secured note in favour of RGR dated March 27, 2023 (the “**RGR Advance**”). The RGR Advance will be retired upon closing of the New Credit Facility.

Also concurrent with the execution of the Letter Agreement and upon receipt of the RGR Advance, RWB will enter into an agreement to advance to Aleafia an amount equal to \$1.5 million under the Aleafia Senior Secured Loan Agreement.

Notes:

- (1) This is forward-looking information and based on a number of assumptions. See “Cautionary Note Regarding Forward-Looking Information” and “Assumptions.”
- (2) This target, and the related assumptions, involve known and unknown risks and uncertainties that may cause actual results to differ materially. See “Assumptions.”
- (3) Certain financial information included in this press release is neither audited nor reviewed. Where possible, the information has been constructed by management from available audited or audit reviewed financial statements. Where not audited or audit reviewed information has been available, additional management accounting information has been utilized to construct financial information. Readers are cautioned not to place undue reliance on such information.
- (4) Based on the twelve months ended December 31, 2022.

About Red White & Bloom Brands Inc.

Red White & Bloom is a multi-state cannabis operator and house of premium brands in the U.S. legal cannabis sector. RWB is predominantly focusing its investments on the major U.S. markets, including Arizona, California, Florida, Massachusetts, Missouri, and Michigan.

Red White & Bloom Brands Inc. Investor and Media Relations
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Visit us on the web: www.redwhitebloom.com

Follow us on social media:



@rwbbands



@redwhitebloombrands



@redwhitebloombrands

About Aleafia Health Inc.

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For Aleafia Investor & Media Relations

Matthew Sale, CFO

IR@Aleafiahealth.com

LEARN MORE: www.AleafiaHealth.com

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In this news release, forward-looking statements relate to, among other things, statements regarding: the Proposed Transaction; the definitive arrangement agreement that the parties anticipate entering into in connection with the Proposed Transaction; the receipt of necessary shareholder, court and regulatory approvals for the Proposed Transaction; the anticipated timeline for completing the Proposed Transaction; the terms and conditions pursuant to which the Proposed Transaction will be completed, if at all; the anticipated benefits of the Proposed Transaction; the Combined Company; the future financial and operational performance of the Combined Company; the Combined Company’s key business segments, product offerings, and overall financial performance; products of the Combined Company; and potential future revenue and cost synergies resulting from the Proposed Transaction. These forward-looking statements are not guarantees of future results and involve risks and uncertainties that may cause actual results to differ materially from the potential results discussed in the forward-looking statements.

In respect of the forward-looking statements concerning the Proposed Transaction, including the entering into of the definitive arrangement agreement, and the anticipated timing for completion of the Proposed Transaction, the Company and Aleafia have relied on certain assumptions that it believes are reasonable at this time, including assumptions as to the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory, court, shareholder, stock exchange and other third party approvals and the ability of the parties to satisfy, in a timely manner, the other conditions to the completion of the Proposed Transaction. This timeline may change for a number of reasons, including unforeseen delays in preparing meeting materials; inability to secure necessary regulatory, court, shareholder, stock exchange or other third-party approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the Proposed Transaction. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release concerning these times.

Risks and uncertainties that may cause such differences include but are not limited to: the risk that the Proposed Transaction may not be completed on a timely basis, if at all; the conditions to the consummation of the Proposed Transaction may not be satisfied; the risk that the Proposed Transaction may involve unexpected costs, liabilities or delays; the possibility that legal proceedings may be instituted against the Company, Aleafia and/or others relating to the Proposed Transaction and the outcome of such proceedings; the possible occurrence of an event, change or other circumstance that could result in termination of the Proposed Transaction; risks relating to the failure to obtain necessary shareholder and court approval; other risks inherent in the plant-based food industry. Failure to obtain the requisite approvals, or the failure of the parties to otherwise satisfy the conditions to or complete the Proposed Transaction, may result in the Proposed Transaction not being completed on the proposed terms, or at all. In addition, if the Proposed Transaction is not completed, the announcement of the Proposed Transaction and the dedication of substantial resources of the Company and Aleafia to the completion of the Proposed Transaction could have a material

adverse impact on each of the Company's and Aleafia's share price, its current business relationships and on the current and future operations, financial condition, and prospects of each of the Company and Aleafia.

Financial Outlook and Assumptions

The Company, Aleafia and their respective management believe that the statements regarding expected annual synergies from the Combined Company in COGS, SG&A and debt service contained in this press release are reasonable as of the date hereof, are based on management's current views, strategies, expectations, assumptions, and forecasts, and have been calculated using accounting policies that are generally consistent with the Company's current accounting policies. These statements are considered future-oriented financial outlooks and financial information (collectively, "FOFI") under applicable securities laws. These statements and any other FOFI included herein have been approved by management of the Company and Aleafia as of the date hereof. Such FOFI are provided for the purposes of presenting information about management's current expectations and goals relating to the benefits of the Proposed Transaction and the future business of the combined company. However, because this information is highly subjective and subject to numerous risks, including the risks discussed above under "Cautionary Note Regarding Forward Looking Information," it should not be relied on as necessarily indicative of future results. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the FOFI prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated, or expected. Although management of RWB and Aleafia have attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Each of the Company and Aleafia disclaims any intention or obligation to update or revise any FOFI, whether as a result of new information, future events or otherwise, except as required by securities laws.

In developing the financial guidance set forth above, RWB and Aleafia made the following assumptions and relied on the following factors and considerations:

- The targets are based on each of RWB's and Aleafia's historical results including annualized revenue from its financial results for the period ended December 31, 2022, as adjusted for subsequent events including completion of the Proposed Transaction.
- Revenue sustainability and growth depend on a variety of factors, including among other things, location, competition, legal and regulatory requirements.
- The immediate reduction of public company professional and service fees, such as but not limited to, errors and omissions insurance, audit services, listing expenses and external legal fees, as well as other cost reductions typical in M&A transactions.
- No changes to existing cannabis legislation and regulations in Canada, the United States and Europe.
- All RWB and Aleafia regulatory licences remain in good standing with domestic and international regulators.

This is Exhibit “PPP” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Kinn".

Commissioner for Taking Affidavits



Bennett Jones

Bennett Jones LLP

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Tel: 416.863.1200 Fax: 416.863.1716

Sean H. Zweig
Partner
Direct Line: 416.777.6254
e-mail: zweigs@bennettjones.com

June 28, 2023

Via Email (mcole@airdberlis.com)

Aird & Berlis LLP
Suite 1800, Brookfield Place
181 Bay Street
Box 754
Toronto, Ontario
M5J 2T9

Attention: Melanie A. Cole

Dear Sirs/Mesdames:

Re: Proposed business combination (the "Proposed Transaction") of Aleafia Health Inc. ("Aleafia") and Red White & Bloom Brands Inc. ("RWB")

As you know, we acted as legal counsel for an ad hoc committee of Aleafia's convertible debentureholders in connection with last year's consensual recapitalization transaction.

Following the announcement of the Proposed Transaction on June 7, 2023, we have had discussions with a significant number of the convertible debentureholders, and we are in the process of being re-engaged to deal with the Proposed Transaction and related matters. Based on our discussions with convertible debentureholders to date with the information we currently have, we are confident that the Proposed Transaction – which sees significant value being preserved for Aleafia's junior stakeholders while the secured convertible debentureholders are to be paid approximately 15 cents on the dollar – will not be approved by the convertible debentureholders in the form proposed. As has been communicated directly to both Aleafia and RWB, we are open to commencing a dialogue and negotiation with respect to potential changes to the Proposed Transaction that would make it acceptable to the convertible debentureholders. Thus far, we have received no indication that Aleafia and/or RWB are prepared to engage in any such negotiations.

In light of the foregoing, we expect that Aleafia will need to consider various alternatives, including potentially a filing under the *Companies' Creditors Arrangement Act* ("CCAA"). To be clear, the convertible debentureholders would strongly prefer to avoid that outcome by instead negotiating a consensual transaction. However, to the extent Aleafia's board of directors determines that a CCAA filing is necessary or appropriate, please note that certain of the convertible debentureholders have the financial wherewithal to provide, and are interested in providing, any needed debtor-in-possession

June 28, 2023

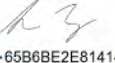
Page 2

("DIP") financing. In that regard, please provide us with a 13-week cash flow forecast identifying Aleafia's cash needs as soon as possible. We request and expect that the secured convertible debentureholders will receive the same information and opportunity to make a DIP financing proposal as any other party, including RWB. We can address any confidentiality or MNPI concerns.

Aleafia and the convertible debentureholders have a shared interest in the long-term success of the Aleafia business and assets. We look forward to working cooperatively and constructively with you and Aleafia once again to achieve another positive outcome for Aleafia and its many stakeholders.

Yours truly,

BENNETT JONES LLP

DocuSigned by:

65B6BE2E814144E...
Sean H. Zweig

This is Exhibit “QQQ” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits

Delivered via email – triciasymmes@aleafiahealth.com

PRIVATE AND CONFIDENTIAL

July 5, 2023

Aleafia Health Inc.
85 Basaltic Road
Concord, Ontario L4K 1G4

Attention: Patricia Symmes, CEO

Dear Patricia:

Re: Aleafia Convertible Debentures – Settlement Offer

There have been numerous conversations this past week centered around requests for Red White and Bloom Brands Inc. (“RWB”) to consider paying additional consideration to the holders of Aleafia Health Inc.’s (“Aleafia”) convertible debentures as a result of the intention of certain debenture holders, represented by Bennett Jones and led by Fernando Pace at Research Capital, to vote against the proposed settlement of the debentures as outlined in the Binding Letter Agreement.

RWB has considered the requests brought forward by Aleafia via the aforementioned parties and, in light of a number of factors, including, but not limited to:

- The reduced sale price on Grimsby, which to date has not been finalized and could go even lower;
- The initial due diligence and cashflow models making it evident that greater capital than initially contemplated will be required to stabilize Aleafia;
- The uncertainty of what a settlement with CRA would look like, as discussions are still ongoing; and
- The current advances to Aleafia being maxed out under the legacy credit facility (an amended and restated credit facility has not been concluded to date),

RWB is not prepared to adjust the total consideration reflected in the Binding Letter Agreement, nor is it willing to have a portion of the debentures remain outstanding; an option brought forward by the aforementioned parties. Further, we do not expect that Aleafia shareholders would agree to reduced consideration in favor of the debenture holders (i.e., a reallocation of the consideration amongst Aleafia security holders).

RWB relied upon, in good faith, MMCAP’s support of the transaction as a significant debenture holder, prior to entering into the Binding Letter Agreement and the Assignment of Debt and Security. Ultimately, the total consideration as reflected in the Binding Letter Agreement, whether cash, RWB shares, and/or assumption of debt/liabilities is what was agreed upon, subject to due diligence.

We thought it best that we articulate our position and are open to further conversations focused on negotiating the arrangement agreement in accordance with the terms of the Binding Letter Agreement.

Respectfully,



Eddie Mattei, CFO
Red White and Bloom Brands Inc.

Cc: Brad Rogers, CEO and Director
Michael Marchese, Director
Brendan Purdy, Director
Johannes van der Linde, Director
Gabriel Bianchi, Director

This is Exhibit "RRR" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits

Press Release

Red White & Bloom and Aleafia Health Mutually Agree to Terminate Binding Letter Agreement

TORONTO, ONTARIO July 14, 2023 (GLOBE NEWSWIRE) – Red White & Bloom Brands Inc. (CSE: RWB and OTC: RWBYF) (“**RWB**” or the “**Company**”) and Aleafia Health Inc. (TSX: AH and OTCQB: ALEAF) (“**Aleafia**”) are announcing the mutual termination of the binding letter agreement entered into between the parties on June 6, 2023 (the “**Letter Agreement**”) in respect of the proposed business combination transaction (the “**Proposed Transaction**”), as detailed in the joint press release issued on June 7, 2023. The termination is without liability or cost to either party.

Pursuant to the Letter Agreement, and as a pre-requisite to closing the previously announced Proposed Transaction, the approval of holders of Aleafia convertible debentures issued under the amended and restated debenture indenture providing for the issue of certain convertible debentures dated as of June 27, 2022 between Aleafia and Computershare Trust Company of Canada, as the trustee, as supplemented by: (a) the first supplemental indenture dated as of June 27, 2022 (providing for the issue of the 8.5% Series A Secured Convertible Debentures Due June 30, 2024); (b) the second supplemental indenture dated as of June 27, 2022 (providing for the issue of the 8.5% Series B Secured Convertible Debentures Due June 30, 2026), and (c) the third supplemental indenture dated as of June 27, 2022 (providing for the issue of 8.50% Series C Secured Debentures Due June 30, 2028) (collectively, the “**Aleafia Convertible Debentures**”) was required to settle all outstanding amounts due to them for an aggregate amount of \$6 million in exchange for the cancellation of all Aleafia Convertible Debentures.

While Aleafia had received support in writing from certain holders of the outstanding Aleafia Convertible Debentures, certain other holders representing more than 33 1/3% of the outstanding Aleafia Convertible Debentures, as represented by their designated representatives, have communicated to Aleafia and RWB that they will not accept the terms of the settlement



Pursuant to an assignment of indebtedness and security dated June 6, 2023, NE SPC II LP sold to RWB, all indebtedness of Aleafia and certain of its affiliates in connection with the loan agreement made as of December 24, 2021, as amended on March 28, 2022, June 17, 2022, April 26, 2023, May 15, 2023, and May 31, 2023 (the “**Aleafia Senior Secured Loan Agreement**”). Aleafia is currently in breach of certain covenants under the Aleafia Senior Secured Loan Agreement, and while RWB has not, to date, taken steps to formally note Aleafia in default or immediately enforce its security, RWB has not waived any outstanding breaches and has reserved all of its rights and remedies under the Aleafia Senior Secured Loan Agreement and related security. RWB is currently considering all available options.

As a result of the termination of the Letter Agreement, and in light of the status of the Aleafia Senior Secured Loan Agreement, disinterested members of the board of directors of Aleafia continue to explore and evaluate potential strategic alternatives that may be available to Aleafia with the goal of maximizing value for Aleafia stakeholders. **Aleafia does not intend to comment further with respect to the ongoing strategic review process unless and until it determines that additional disclosure is appropriate in the circumstances and in accordance with applicable securities laws.**

About Red White & Bloom Brands Inc.

Red White & Bloom is a multi-state cannabis operator and house of premium brands in the U.S. legal cannabis sector. RWB is predominantly focusing its investments on the major U.S. markets, including Arizona, California, Florida, Massachusetts, Missouri, and Michigan.

Red White & Bloom Brands Inc. Investor and Media Relations

Edoardo Mattei, CFO

IR@RedWhiteBloom.com

947-225-0503, x.1003

Visit us on the web: www.redwhitebloom.com

Follow us on social media:

@rwbbrands



@reunitedbloombrand

About Aleafia Health Inc.

Aleafia is a federally licensed Canadian cannabis company offering cannabis products in Canadian adult-use and medical markets and in select international markets, including Australia and Germany. Aleafia operates a virtual medical cannabis clinic staffed by physicians and nurse practitioners which provide health and wellness services across Canada.

Aleafia owns three licensed cannabis production facilities and operates a strategically located distribution centre all in the province of Ontario, including the largest, outdoor cannabis cultivation facility in Canada. Aleafia produces a diverse portfolio of cannabis and cannabis derivative products including dried flower, pre-roll, milled, vapes, oils, capsules, edibles, sublingual strips and topicals.

For Aleafia Investor & Media Relations

Matthew Sale, CFO

IR@Aleafiahealth.com

LEARN MORE: www.AleafiaHealth.com

Cautionary Note Regarding Forward-Looking Information

This news release contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements.



mutual termination of the Letter Agreement and RWB's exercise of rights following Aleafia's breach of certain covenants under the Aleafia Senior Secured Loan Agreement. These forward-looking statements are not guarantees of future results and involve risks and uncertainties that may cause actual results to differ materially from the potential results discussed in the forward-looking statements.

Risks and uncertainties that may cause such differences include but are not limited to: the possibility that legal proceedings may be instituted against the Company, Aleafia and/or others and the outcome of such proceedings; and other risks inherent in the cannabis industry. The dedication of substantial resources of RWB and Aleafia to the Proposed Transaction and to strategic options following its termination could have a material adverse impact on each of RWB's and Aleafia's share price, its current business relationships and on the current and future operations, financial condition, and prospects of each of the RWB and Aleafia.

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[SITEMAP](#)

This is Exhibit “SSS” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits

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 THE COMPROMISE OR ARRANGEMENT OF **ALEAFIA
HEALTH INC., EMBLEM CORP., EMBLEM CANNABIS CORPORATION, EMBLEM
REALTY LTD., GROWWISE HEALTH LIMITED., CANABO MEDICAL
CORPORATION, ALEAFIA INC., ALEAFIA FARMS INC., ALEAFIA BRANDS INC.,
ALEAFIA RETAIL INC., 2672533 ONTARIO INC., AND 2676063 ONTARIO INC.**

Applicants

CONSENT TO ACT AS COURT-APPOINTED MONITOR

KSV RESTRUCTURING INC. hereby consents to act as Court-appointed Monitor of the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended, in these proceedings.

Dated at Toronto this 20th day of July, 2023

**KSV RESTRUCTURING INC., solely in its
capacity as Proposed Monitor of the
Applicants and not in its personal capacity**

Per: _____



Name: Noah Goldstein

Title: Managing Director

(I have the authority to bind the
corporation)

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED
AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF ALEAFIA HEALTH INC., EMBLEM CORP., EMBLEM
CANNABIS CORPORATION, EMBLEM REALTY LTD., GROWWISE HEALTH LIMITED., CANABO MEDICAL CORPORATION,
ALEAFIA INC., ALEAFIA FARMS INC., ALEAFIA BRANDS INC., ALEAFIA RETAIL INC., 2672533 ONTARIO INC., and 2676063
ONTARIO INC.

Court File No. _____

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

Proceedings commenced at Toronto

**CONSENT TO ACT AS COURT-APPOINTED
MONITOR**

AIRD & BERLIS LLP

Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

**Kyle Plunkett (LSO# 61044N)
Robb English (LSO# 19862F)
Tamie Dolny (LSO# 77958U)
Samantha Hans (LSO# 84737H)**

Tel: 416.863.1500
Fax: 416.863.1515

Lawyers for the Applicants

This is Exhibit "TTT" referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

DIP FACILITY TERM SHEET

Dated: July 24, 2023

WHEREAS Aleafia Health Inc. ("**Aleafia**") and certain of its subsidiaries, as borrowers, and Red White & Bloom Brands Inc. ("**RWB**" or the "**DIP Lender**", as the context dictates), as lender, are parties to a certain loan agreement made as of December 24, 2021, as guaranteed by certain other subsidiaries of Aleafia (as amended from time to time, the "**Loan Agreement**");

AND WHEREAS the Loan Agreement and all security and ancillary documents granted in connection therewith were assigned to RWB pursuant to a letter agreement dated as of June 6, 2023;

AND WHEREAS Aleafia has requested that RWB provide it with further loans to fund Aleafia and certain of its subsidiaries' restructuring efforts pursuant to a debtor-in-possession financing in the context of insolvency proceedings under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCA**") (the "**CCA Proceedings**") under the jurisdiction of the Ontario Superior Court of Justice (Commercial List) (the "**Court**");

AND WHEREAS, subject to the terms and conditions contained herein (this "**Agreement**"), the DIP Lender is prepared to establish the DIP Facility (as defined below) in favour of the Borrowers (as defined below) on the terms and conditions set out below;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

DEFINITIONS

Capitalized terms used but not otherwise defined herein shall have the meanings given to them on **Schedule "A"** hereto.

BORROWERS

Aleafia, Emblem Cannabis Corporation and Aleafia Farms Inc. (collectively, and on a joint and several basis, the "**Borrowers**", and each a "**Borrower**").

GUARANTORS

Each Borrower (in accordance with Section "Borrowers' Guarantee" below), Growwise Health Limited, Emblem Realty Ltd., Emblem Corp., Canabo Medical Corporation, Aleafia Brands Inc., Aleafia Retail Inc., 2672533 Ontario Inc., 2676063 Ontario Inc. and Aleafia Inc. (collectively, the "**Guarantors**").

The Guarantors hereby guarantee in favour of the DIP Lender the payment and performance of all Obligations of the Borrowers under or in connection with the DIP Facility.

DIP LENDER

Red White & Bloom Brands Inc. (the "**DIP Lender**").

JOINT AND SEVERAL

Each of the Borrowers agree, acknowledge and confirm that at their specific request the DIP Facility has been made available to all of them, and, in each case, that each individual Borrower's ability to drawdown the full amount available for DIP Advances under the DIP Facility is not restricted except as specifically provided for in this Agreement. All covenants,

agreements and obligations of the Borrowers contained in this Agreement relating to or in connection with the DIP Facility shall be joint and several covenants, agreements and obligations of each of the Borrowers as co-borrowers, and each of the Borrowers shall be jointly and severally liable for and obligated to repay all Obligations under the DIP Facility, in each case without the necessity of restating the words "jointly and severally" or "joint and several" in respect thereof. Such joint and several liability is independent of the duties, obligations and liabilities of each other Borrower. Each of the Borrowers waives all benefits of discussion and division among the Borrowers, and each of the Borrowers acknowledges and confirms that the DIP Lender shall have no obligation to pursue any other Borrower, as the case may be, or any Guarantor for all or any part of the Obligations under the DIP Facility before it can recover all such Obligations from it. Each Borrower acknowledges and confirms that it is fully responsible for all such Obligations even though it may not have requested a single DIP Advance.

Each of the Borrower's liability for payment of the DIP Facility shall be a primary obligation, shall be absolute and unconditional, and shall constitute full recourse obligations of each of the Borrowers, enforceable against each of them to the full extent of their respective assets and properties. Each of the Borrowers expressly waives any right to require the DIP Lender to marshal assets in favour of any Borrower or any other Person or to proceed against any other Borrower or any collateral provided by any Person, and agrees that the DIP Lender may proceed against any Borrower or any collateral in such order as it shall determine in its sole and absolute discretion. To the extent permitted by law, any release or discharge, by operation of law, of any Borrower from the performance or observance of any obligation, covenant or agreement contained in this Agreement shall not diminish or impair the liability of any other Borrower in any respect. Each of the Borrowers unconditionally and irrevocably waives each and every defense, right to discharge, compensation and setoff of any nature which, by statute or under principles of suretyship, guaranty or otherwise, would operate to impair or diminish in any way the obligation of any Borrower under this Agreement, and acknowledges that such waiver is by this reference incorporated into each security agreement, collateral assignment, pledge and/or other document from each Borrower now or later securing the DIP Facility, and acknowledges that as of the date of this Agreement no such defense or setoff exists. Each of the Borrowers waives any and all rights (whether by subrogation, indemnity, reimbursement, or otherwise) to recover from any other Borrower any amounts paid or the value of any Property given by such Borrower pursuant to this Agreement or otherwise until the DIP Facility are irrevocably paid in full in cash.

BORROWER'S GUARANTEE

To the maximum extent permitted by Applicable Law and to the extent that a Borrower is deemed a guarantor, each Borrower unconditionally and absolutely, guarantees payment when due, whether by stated maturity, demand, acceleration or otherwise, of the Obligations and all existing and future indebtedness owing hereunder or in connection with the DIP Facility owed by each other Borrower and expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any extension, modification, forbearance, compromise, settlement or variation of any of the terms of the Obligations and the said indebtedness, (b) the discharge or release of any liability of any other Borrower or any other Person now or hereafter liable on the Obligations and the said indebtedness, by reason of bankruptcy or insolvency laws or otherwise, (c) the acceptance or release by the DIP Lender of any collateral, security or other guaranty from any Borrower or any other Person, or any settlement, compromise or extension with respect to any such collateral, security or other guaranty, (d) the avoidance, invalidity or unenforceability of any collateral, security or other guaranty from any Borrower or any other Person, (e) any failure to give any notice, demand, notice of dishonor, protest, presentment or non-payment, or any other notice, (f) any failure to comply with any Applicable Law in connection with any enforcement of any right or remedy against any collateral, security or other guaranty from any Borrower or any other Person, or (g) any action or inaction of the DIP Lender in any insolvency proceeding involving any Borrower or any other Person.

DIP FACILITY

A non-revolving loan (the "**DIP Facility**") up to the maximum principal amount of \$6,600,000 (the "**Maximum Amount**") including an initial advance in an amount of \$2,400,000 (the "**Initial Advance**").

CURRENCY:

Unless otherwise noted, the currency of the DIP Facility shall be Canadian Dollars.

MATURITY DATE

Unless accelerated by an Event of Default, the DIP Facility shall be paid in full in cash on the date (the "**Maturity Date**") which is the earliest of:

(a) the date that is one hundred and twenty (120) days from the date of the Initial Advance (or such later date as the DIP Lender in its sole discretion may agree to in writing with the Borrowers, acting reasonably);

(b) the date on which (i) the stay of proceedings under the CCAA Proceedings is lifted without the consent of the DIP Lender, or (ii) the CCAA Proceedings are terminated for any reason;

(c) the closing of a sale or similar transaction (including pursuant to a subscription agreement and/or a reverse vesting

purchase agreement) for all or substantially all of the assets and business, or in respect, of the Obligors pursuant to the SISP, which has been approved by an order entered by the Court;

(d) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a “**Plan**”) which has been approved by the requisite majorities of the Obligors’ creditors and by an order entered by the Court; or

(e) the conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada).

The Maturity Date shall be accelerated upon the occurrence of an Event of Default.

The DIP Lender’s commitment in respect of the DIP Facility shall expire on the Maturity Date and all amounts outstanding under the DIP Facility including accrued Interest and Legal Fees (collectively, the “**Obligations**”) shall be repaid in full on the Maturity Date without the DIP Lender being required to make demand upon the Borrowers or to give notice that the DIP Facility has expired and the Obligations are due and payable.

AVAILABILITY

Subject to the terms and conditions set forth in this Agreement, the Initial Order and the Restated Initial Order, the DIP Lender will make loans (the “**DIP Advances**”) to the Borrowers under the DIP Facility in an aggregate principal amount not to exceed the Maximum Amount, as follows:

(a) Initial Advance: subject to the provisions hereunder under the heading **CONDITIONS PRECEDENT TO THE DISBURSEMENT OF INITIAL ADVANCE**, upon the issuance of the Initial Order by the Court, the amount of the Initial Advance, or such other lesser amount as may be approved by the Initial Order, will be made available to the Borrowers by the DIP Lender to finance the Borrowers’ operating requirements in accordance with the Initial Cash Flow Projections.

(b) Subsequent Advances: subject to the provisions hereunder under the heading **CONDITIONS PRECEDENT TO THE DISBURSEMENT OF DIP ADVANCES (OTHER THAN THE INITIAL ADVANCE)**, and except as may be otherwise agreed in writing by the Borrowers and the DIP Lender, any further DIP Advances under the DIP Facility shall be made available to the Borrowers by the DIP Lender until the Maturity Date in accordance with the then applicable Cash Flow Projections approved by the DIP Lender in its sole discretion, from time to time, subject to duly issued orders of the Court.

Unless otherwise agreed to in writing in advance by the DIP Lender in its sole direction, each Additional Advance shall be

made by the DIP Lender to the Borrowers as soon as practicable (and in any event within five (5) Business Days) after delivery to the DIP Lender of a drawdown certificate executed by the Borrowers certifying, *inter alia*, that (i) the advance corresponds with the then applicable Updated Cash Flow Projections for the one week period commencing the Monday following the date of the drawdown certificate, (ii) that there is no Default or Event of Default that has occurred and is continuing, and (iii) that the Borrowers are in compliance with the DIP Credit Documentation and the Restated Initial Order.

Notwithstanding the foregoing, the Borrowers shall not be required to submit a drawdown certificate to obtain the Initial Advance, the full amount of which shall be made available to the Borrowers by the DIP Lender immediately upon the satisfaction of the conditions precedent listed under the heading **CONDITIONS PRECEDENT TO THE DISBURSEMENT OF INITIAL ADVANCE** hereunder being satisfied by the Borrowers or otherwise waived by the DIP Lender in its sole discretion.

ACCOUNT

All DIP Advances shall be deposited into an account acceptable to the Borrowers, the Monitor and the DIP Lender and withdrawn to pay contemplated expenses under the then applicable Cash Flow Projections and otherwise in accordance with the terms hereof.

USE OF PROCEEDS AND CASH FLOW PROJECTIONS

The Initial Advance under the DIP Facility shall be used in accordance with the cash flow projections attached herewith as **Schedule "B"** (the "**Initial Cash Flow Projections**"), which have been prepared by the Borrowers in consultation with the Monitor. Any Additional Advances shall be used in accordance with the Updated Cash Flow Projections (collectively with the Initial Cash Flow Projections, the "**Cash Flow Projections**"), in each case, to fund working capital and general corporate needs of the Obligors during, and costs and expenses incurred by the Obligors in connection with, the CCAA Proceedings.

No proceeds of the DIP Advances may be used for any purpose other than in accordance with the Cash Flow Projections except with the prior written consent of the DIP Lender.

INTEREST RATE

Interest ("**Interest**") on the principal outstanding amount of the DIP Advances (including the compounded interest referenced below) from the date each such DIP Advance is made (or, in the case of the compounded interest referenced below, the date that such interest is compounded), both before and after maturity, demand, default, or judgment until payment in full at a rate of 12.5% per annum, compounded and calculated

weekly shall accrue and be added to the principal amount of the DIP Advances on the first day of each month.

All interest shall be calculated on the basis of a 365-day (or 366 day, as applicable) year, in each case for the actual number of days elapsed in the period during which it accrues.

All payments under or in respect of the DIP Facility shall be made free and clear of any withholding, set-off or other deduction.

If any provision hereof or the DIP Credit Documentation would obligate the Obligors to make any payment of interest or other amount payable to the DIP Lender in an amount or calculated at a rate which would be prohibited by law or would result in receipt by the DIP Lender of interest at a criminal rate (as construed under the *Criminal Code* (Canada)) then, notwithstanding that provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in a receipt by the DIP Lender of interest at a criminal rate.

FEES

The Borrower shall pay a commitment fee in the amount of \$198,000.00 (the "**Fee**"), representing 3% of the Maximum Amount, which shall be fully earned upon the execution of this Agreement and shall be paid from the Initial Advance or otherwise satisfied on the date of issuance of the Initial Order by the Court. For certainty, the Fee shall be secured by the DIP Lender's Charge.

COSTS AND EXPENSES

The Borrowers shall pay, on a bi-weekly basis, all reasonable and documented costs and expenses of the DIP Lender, and all reasonable and documented fees, expenses and disbursements of outside counsel, appraisers, field auditors, and any financial consultant, related to or in connection with the CCAA Proceedings, including, without limitation, reasonable and documented costs and expenses incurred by the DIP Lender in connection with the enforcement of any of the rights and remedies available hereunder.

DIP SECURITY

All Obligations of the Obligors under or in connection with the DIP Facility and any of the DIP Credit Documentation shall be secured by a Court Ordered Charge on all present and after-acquired personal and real, tangible or intangible property of the Obligors, in each case of any kind or nature whatsoever and wheresoever situated (the "**DIP Lender's Charge**") without the need for any further loan or security documentation or any filings or registrations in any public register or system.

CONDITIONS PRECEDENT TO THE DISBURSEMENT OF INITIAL ADVANCE

The DIP Lender's obligation to make the Initial Advance hereunder is subject to, and conditional upon, the satisfaction of all of the following conditions precedent:

1. the Obligors' application materials in connection with their application for the issuance of an initial order under the CCAA (in form and substance satisfactory to the DIP Lender, acting reasonably, the "**Initial Order**") shall have been shared with the DIP Lender, and such application shall have been brought before the Court no later than July 25, 2023, on notice to such parties as are acceptable to the DIP Lender, acting reasonably;
2. the form of Initial Order shall be in form and substance satisfactory to the DIP Lender, acting reasonably;
3. KSV Restructuring Inc. shall have been appointed as the Monitor pursuant to the Initial Order;
4. the Initial Order (i) shall have been issued by the Court authorizing and approving the Initial Advance under the DIP Facility and granting the DIP Lender's Charge in respect of the Initial Advance, and (ii) shall be in full force and effect and shall have not been stayed, reversed, vacated, rescinded, modified or amended in any respect adversely affecting the DIP Lender, unless otherwise agreed by the DIP Lender, acting reasonably;
5. except to the extent not permitted by the CCAA, the DIP Lender's Charge shall have priority over all Liens granted by the Obligors against any of the undertakings, property or assets of the Obligors (collectively, the "**Property**") except for an administrative charge on the Property in an aggregate amount not to exceed \$500,000 under the Initial Order, which amount shall be increased to \$1,250,000 under the Restated Initial Order (the "**Administrative Charge**"); and
6. the Initial Cash Flow Projections shall be acceptable to the DIP Lender, in its reasonable discretion.

CONDITIONS PRECEDENT TO THE DISBURSEMENT OF DIP ADVANCES (OTHER THAN THE INITIAL ADVANCE)

The DIP Lender's obligation to make any Additional Advances hereunder is subject to, and conditional upon, the satisfaction of all of the following conditions precedent:

1. the Obligors' application materials in connection with their application for the Restated Initial Order shall be satisfactory to the DIP Lender, acting reasonably, and such application shall be brought before the Court no

later than August 4, 2023, on notice to such parties as are acceptable to the DIP Lender, acting reasonably;

2. an order amending and restating the Initial Order, in form and substance acceptable to the DIP Lender, acting reasonably, shall have been issued by the Court authorizing and approving the increase to the DIP Facility and granting the DIP Lender's Charge (the "**Restated Initial Order**") and the Restated Initial Order shall be in full force and effect and shall have not been stayed, reversed, vacated, rescinded, modified or amended in any respect adversely affecting the DIP Lender, unless otherwise agreed by the DIP Lender, acting reasonably;
3. the DIP Lender's Charge shall have priority over all Liens granted by the Obligors against any of the undertaking, property or assets of the Obligors except for the Administrative Charge;
4. all amounts requested for a particular Additional Advance shall be consistent with the Updated Cash Flow Projections for the applicable period, or otherwise expressly agreed by the DIP Lender in advance;
5. the terms and conditions of the Sale and Investment Solicitation Process (the "**SISP**"), including the various relevant milestones of such SISP and an outside date for the completion of the SISP (the "**SISP Milestones**") approved by the Court, shall be in a form and substance satisfactory to the Monitor, and the DIP Lender shall be satisfied, acting reasonably, with the terms of the SISP and the SISP Order;
6. the representations and warranties contained herein shall be true and correct; and
7. no Default or Event of Default shall have occurred and be continuing.

Each of the Obligors agrees to indemnify and hold harmless the DIP Lender, its officers, directors, employees, representatives, advisors, solicitors and agents (collectively, the "**Indemnified Persons**") from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or suited against or involve any of the Indemnified Persons as a result of, in connection with or in any way related to the DIP Facility, this Agreement, or the DIP Credit Documentation, except to the extent that such actions, lawsuits, proceedings, claims, losses, damages, liabilities or expenses result from the

gross negligence or willful misconduct of such Indemnified Persons.

REPRESENTATIONS AND WARRANTIES

Each of the Obligors represents and warrants to the DIP Lender, upon which the DIP Lender relies in entering into this Agreement and the other DIP Credit Documentation, that:

1. The transactions contemplated by this Agreement and the other DIP Credit Documentation:
 - a. upon the granting of either the Initial Order or the Restated Initial Order, are within the powers of the Obligors;
 - b. have been duly authorized, executed and delivered by or on behalf of the Obligors;
 - c. upon the granting of either the Initial Order or the Restated Initial Order, constitute legal, valid and binding obligations of the Obligors;
 - d. upon the granting of either the Initial Order or the Restated Initial Order, do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority, other than filings which may be made to register or otherwise record the DIP Lender's Charge or any DIP Security granted pursuant to the DIP Credit Documentation;
2. the business operations of the Obligors have been and will continue to be conducted in compliance with all Applicable Laws of each jurisdiction in which each such business has been or is being carried on;
3. the Obligors obtained all licenses and permits required for the operation of their business, which licenses and permits remain, and after the date of the Initial Advance will remain, in full force and effect. No proceedings have been commenced to revoke or amend any of such licenses or permits and no notices advising of a breach or potential breach of the conditions of such licenses has been received;
4. except as reflected in the Cash Flow Projections and as disclosed in **Schedule "C"** hereto, and than those amounts the Obligors have made known to the DIP Lender to date, the Obligors have paid where due their obligations for payroll, employee source deductions, sales taxes, value added taxes and are not in arrears in respect of these obligations;

5. the Obligors do not have any defined benefit pension plans or similar plans; and
6. all factual information provided by or on behalf of the Borrowers to the DIP Lender for the purposes of or in connection with this Agreement or any transaction contemplated herein is, to the best of the Borrowers' knowledge, true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided. In particular, and without limiting the generality of the foregoing, to the best of the Borrowers' knowledge, all information regarding the Borrowers' corporate structure is true and complete, and all public filings and financial reports are complete and true in all material respects as of the date thereof.

AFFIRMATIVE COVENANTS

Each of the Obligors covenants and agrees to do the following:

1. comply with the Cash Flow Projections, including making payments when scheduled to be made in accordance with the Cash Flow Projections, and their reporting and other obligations to deliver financial information to the DIP Lender hereunder; provided that, such reporting and financial information shall be prepared and delivered under the supervision of the Monitor;
2. allow the DIP Lender, its designated representatives and financial advisors full access to the books and records of the Obligors on reasonable notice and during normal business hours and cause management thereof to fully cooperate with any advisors to the DIP Lender;
3. use the proceeds of the DIP Facility only for the purposes set out herein;
4. comply with the provisions of the Court orders made in the CCAA Proceedings;
5. obtain the SISF Order no later than August 14, 2023;
6. comply with the SISF and SISF Milestones following approval thereof by the Court in the CCAA Proceedings pursuant to the SISF Order;
7. provide the DIP Lender with draft copies of all motions, applications, proposed orders or other material or documents that any of them intends to file within the

CCAA Proceedings at least three (3) days prior to any service of such materials or, where it is not practically possible to do so at least three days prior to any such service, as soon as possible prior to such service;

8. maintain all licenses required for the operation of their business in good standing;
9. provide the DIP Lender with all correspondence between the Obligors and any governmental authority in respect of their cannabis licenses from and after the date of the Initial Order;
10. the Initial Order, the Restated Initial Order and any other Court orders which are being sought by the Borrower shall be shared with the DIP Lender; provided that any Court order that directly impacts the DIP Facility and the DIP Lender's Charge shall be in a form satisfactory to the DIP Lender, acting reasonably, subject to any amendments that are required by the Court;
11. subject to any Court ordered limitations and appropriate confidentiality restrictions to the extent the DIP Lender participates in the SISP as a stalking horse purchaser or a bidder, use all reasonable efforts to keep the DIP Lender apprised on a timely basis of all developments with respect to the business and affairs of the Obligors and with respect to the SISP;
12. deliver to the DIP Lender by no later than 5:00 p.m. (Toronto time) on Tuesday of each week (or, if Tuesday is not a Business Day, the following Business Day), updated 13-week cash flow projections, in form and substance satisfactory to the DIP Lender, in its discretion, reflecting the projected cash requirements of the Borrowers on a rolling-basis (the "**Updated Cash Flow Projections**");
13. concurrently with the weekly delivery of Updated Cash Flow Projections, provide a comparison to the previously delivered Updated Cash Flow Projections (or to the Initial Cash Flow Projections, if applicable) including applicable bank reconciliations;
14. maintain all insurance with respect to the Property in existence as of the date hereof;
15. forthwith notify the DIP Lender of any event or circumstance that, with the passage of time, may constitute an Event of Default;

16. forthwith notify the DIP Lender of the occurrence of any Event of Default, or of any event or circumstance that may constitute a material adverse change from the Cash Flow Projections;
17. duly and punctually pay or cause to be paid to the DIP Lender all principal and interest payable by it under this Agreement and under any other DIP Credit Documentation on the dates, at the places and in the amounts and manner set forth herein;
18. comply in all respects with all Applicable Laws; and
19. comply in all material respects with their obligations under the DIP Credit Documentation.

NEGATIVE COVENANTS

Each of the Obligors covenants and agrees not to do the following, other than with the prior written consent of the DIP Lender, which consent shall not be unreasonably withheld:

1. sell, assign, transfer, lease or otherwise dispose of all or any part of its assets, tangible or intangible, outside the ordinary course of business, except for the disposition of any obsolete equipment or other assets or as permitted under the Initial Order or Restated Initial Order, or pursuant to the SISP Order;
2. make any payment of principal or interest in respect of existing (pre-filing date) indebtedness except as contemplated by the Cash Flow Projections, or declare or pay any dividends;
3. create or permit to exist indebtedness for borrowed money other than existing (pre-filing date) debt, debt contemplated by this DIP Facility and post-filing trade payables incurred in the ordinary course of business;
4. create or permit to exist any Liens on any of the Property other than Permitted Liens;
5. enter into or agree to enter into any investments (other than cash equivalents) or acquisitions of any kind, direct or indirect, in any business;
6. assume or otherwise agree to be bound by any contingent liabilities or provide any guarantee or financial assistance to any Person;
7. transfer, distribute, lend or otherwise provide any funds (whether arising from DIP Advances or otherwise) to any Affiliate unless such Affiliate is an Obligor;

8. enter into any amalgamation, reorganization, liquidation, dissolution, winding-up, merger or other transaction or series of transactions whereby, directly or indirectly, all or any significant portion of the undertaking, property or assets of any Obligor would become the property of any other Person or Persons unless authorized by the DIP Lender;
9. other than the Court Ordered Charges, seek or support a motion by another party to provide to a third party a charge upon any Property (including, without limitation, a critical supplier's charge) without the prior consent of the DIP Lender;
10. amend or seek to amend the Initial Order or the Restated Initial Order, or without the prior approval of the Monitor, the SISP;
11. other than for cause, terminate the employment of any personnel required to maintain all of its cannabis licenses in good standing unless replaced in due course;
12. terminate or repudiate any agreement with the DIP Lender, solely in its capacity as lender under the DIP Facility;
13. seek or obtain any order from the Court that materially adversely affects the DIP Lender, except with the prior written consent of the DIP Lender; and
14. other than the two leases disclosed to the DIP Lender, disclaim any lease or agreement pursuant to section 32 of the CCAA, which is material to the business and operations of the Borrowers.

EVENTS OF DEFAULT

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

1. failure of the Borrowers to pay principal or interest when due under this Agreement or any other DIP Credit Documentation;
2. any other breach by any Obligor in the observance or performance of any provision, covenant (affirmative or negative) or agreement contained in this Agreement, provided, that, in the case of a breach of any affirmative covenant, such breach remains unremedied for longer than three (3) Business Days following receipt of notice thereof;

3. the SISP Order has not been issued by the Court by August 14, 2023.
4. if the total cumulative disbursements and receipts pursuant to the Cash Flow Projections are: (i) at any time during the first two weeks of the CCAA Proceedings, greater than 20% of the cumulative budget confirmed in the applicable Cash Flow Projections; and (ii) thereafter, greater than 10% of the cumulative budget confirmed in the applicable Cash Flow Projections, in each case measured on a weekly basis;
5. (i) any order shall be entered reversing, amending, varying, supplementing, staying, vacating or otherwise modifying in any respect in a manner materially affecting the DIP Lender without the prior written consent of the DIP Lender, (ii) either the Initial Order or the Restated Initial Order shall cease to be in full force and effect in a manner that has a material adverse effect on the interests of the DIP Lender, or (iii) any Borrower shall fail to comply in any material respect that has an adverse effect on the interests of the DIP Lender with any order granted by the Court in the CCAA Proceedings;
6. this Agreement or any other DIP Credit Documentation shall cease to be effective or shall be contested by an Obligor;
7. any order is issued by the Court (or any other court of competent jurisdiction) that materially adversely affects the DIP Lender;
8. the CCAA Proceedings are terminated or converted to bankruptcy proceeding or any order is granted by the Court (or any court of competent jurisdiction) granting relief from the stay of proceedings during the CCAA Proceedings (as extended from time to time until the Maturity Date), unless agreed by the DIP Lender, acting reasonably;
9. any Plan is filed or sanctioned by the Court in a form and in substance that is not acceptable to the DIP Lender if such Plan does not either provide for the repayment of the obligations, in their entirety including compounded interest added to the principal, under the DIP Facility in full by the Maturity Date;
10. if any of the Borrower's cannabis licenses are revoked or any Borrower fails to comply with a material condition required to keep such licenses in good standing and such license is not reinstated or such

Borrower's failure to comply with such material condition continues for a period of five (5) Business Days;

11. any of the Obligors makes any material payments of any kind not permitted by this Agreement, the Cash Flow Projections or any order of the Court; or
12. borrowings under the DIP Facility exceed the Maximum Amount.

REMEDIES

Upon the occurrence and continuance of an Event of Default, subject to the DIP Credit Documentation, the DIP Lender may, upon written notice to the Borrower and the Monitor:

1. terminate the DIP Facility;
2. on prior written notice to the Obligors and the service list of no less than four (4) Business Days, apply to the Court for the appointment of an interim receiver or a receiver and manager of the Property or for the appointment of a trustee in bankruptcy of the Obligors;
3. exercise the powers and rights of a secured party under any legislation; and
4. exercise all such other rights and remedies under the DIP Credit Documentation and Orders of the Court in the CCAA Proceedings.

DIP LENDER APPROVALS

All consents of the DIP Lender hereunder shall be in writing. Any consent, approval, instruction or other expression of the DIP Lender to be delivered in writing may be delivered by any written instrument, including by way of electronic mail.

FURTHER ASSURANCES

The Obligors shall at their expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lender may reasonably request for the purpose of giving effect to this Agreement and the DIP Lender's Charge, perfecting, protecting and maintaining the Liens created by the DIP Lender's Charge or establishing compliance with the representations, warranties and conditions of this Agreement or any other DIP Credit Documentation.

ENTIRE AGREEMENT

This Agreement, including the Schedules hereto and the DIP Credit Documentation, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Agreement and any of the other DIP Credit Documentation, this Agreement shall govern. Neither this Agreement nor any

other DIP Credit Documentation, nor any terms hereof or thereof, may be amended, unless such amendment is in writing signed by the Obligors and the DIP Lender.

AMENDMENTS, WAIVERS, ETC.

No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder or under any other DIP Credit Documentation will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of the DIP Lender. Any consent to be provided by the DIP Lender shall be granted or withheld solely in its capacity, and having regard to its interests, as DIP Lender.

ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. The Obligors may not assign their rights and obligations under this Agreement without the written consent of the DIP Lender. The DIP Lender's rights and obligations under this Agreement are fully assignable, to an Affiliate of the DIP Lender without the consent of (but with prior notice to) the Obligors. In addition, the DIP Lender's rights and obligations under this Agreement are assignable, with the consent of the Obligors, acting reasonably, before an Event of Default to any other entity, and are freely assignable, without the consent of the Obligors (but with prior notice to), after an Event of Default has occurred and is continuing. Each of the Obligors hereby consents to the disclosure of any confidential information in respect of the Borrower to any potential assignee provided such potential assignee agrees in writing to keep such information confidential. A copy of all notices delivered pursuant to this section shall be delivered promptly to the Monitor.

SEVERABILITY

Any provision in any DIP Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

PRESS RELEASES

The Borrowers shall not issue any press releases or other public disclosure, other than Court documents approved in the manner set out herein, naming the DIP Lender without its prior approval, acting reasonably, unless the Borrowers are required to do so by applicable securities laws or other Applicable Law.

**COUNTERPARTS AND
FACSIMILE SIGNATURES**

This Agreement may be executed in any number of counterparts and by facsimile or e-mail transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Agreement by signing any counterpart of it.

NOTICES

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the person as set forth below:

In the case of the DIP Lender:

With a copy to:

Gowling WLG (Canada) LLP
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, ON M5X 1G5

Attention: Virginie Gauthier, Katherine Yurkovich
Email: virginie.gauthier@gowlingwlq.com;
kate.yurkovich@gowlingwlq.com

In the case of the Obligors:

With a copy to:

Aird & Berlis LLP
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada
M5J 2T9

Attention: Kyle Plunkett
Email: kplunkett@airdberlis.com

In either case, with a copy to the Monitor:

KSV Restructuring Inc.
222 Bay Street, 13th Floor
Toronto ON M5J 2W4

Attention: Noah Goldstein
Email: ngoldstein@ksvadvisory.com

In either case, with a copy to the Monitor's counsel:

Osler Hoskin & Harcourt LLP
First Canadian Place, 100, 1 King St W
Suite 6200,
Toronto, ON M5X 1B8

Attention: Marc Wasserman
Email : mwasserman@osler.com

GOVERNING LAW AND JURISDICTION

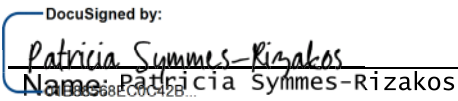
This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the Obligors irrevocably submits to the non-exclusive courts of the

Province of Ontario, waives any objections on the ground of venue or forum *non conveniens* or any similar grounds, and consents to service of process by mail or in any other manner permitted by relevant law.

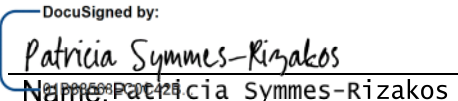
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IN WITNESS HEREOF, the parties hereby execute this Agreement as of the date first written above.

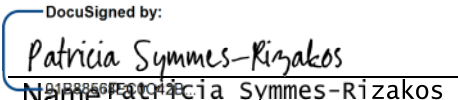
ALEAFIA HEALTH INC.

By: 
Name: Patricia Symmes-Rizakos
Title: Chief Executive Officer

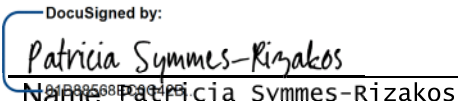
EMBLEM CANNABIS CORPORATION

By: 
Name: Patricia Symmes-Rizakos
Title: Authorized Signing Officer

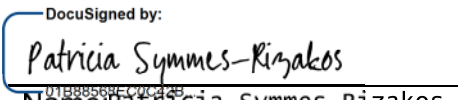
ALEAFIA FARMS INC.

By: 
Name: Patricia Symmes-Rizakos
Title: Authorized Signing Officer

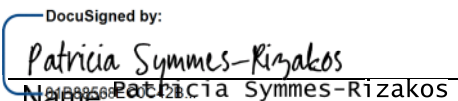
EMBLEM CORP.

By: 
Name: Patricia Symmes-Rizakos
Title: Authorized Signing Officer

CANABO MEDICAL CORPORATION

By: 
Name: Patricia Symmes-Rizakos
Title: Authorized Signing Officer

ALEAFIA INC.

By: 
Name: Patricia Symmes-Rizakos
Title: Authorized Signing Officer

EMBLEM REALTY LTD.

DocuSigned by:

Patricia Symmes-Rizakos
Name: Patricia Symmes-Rizakos

Title: Authorized signing officer

GROWWISE HEALTH LIMITED.

DocuSigned by:

Patricia Symmes-Rizakos
Name: Patricia Symmes-Rizakos

Title: Authorized Signing Officer

RED WHITE & BLOOM BRANDS INC.

Name:

Title:

EMBLEM REALTY LTD.

Name: _____

Title:

GROWWISE HEALTH LIMITED.

Name: _____ Name:

Title: Title:

RED WHITE & BLOOM BRANDS INC.



Name: Eddie Mattei

Title: CFO

SCHEDULE "A"

Additional Definitions

"Affiliate" means, in respect of any Person at any date, (a) any corporation, company, limited liability company, association, joint venture or other business entity of which securities, membership interests or other ownership interests representing fifty percent (50%) or more of the voting power of all equity interests are owned or held, directly or indirectly, by such Person, (b) any partnership, limited liability company or joint venture wherein the general partner, managing partner or operator is, directly or indirectly, such Person, or (c) any other Person that is otherwise directly or indirectly controlled by such Person.

"Applicable Laws" means all federal, provincial, municipal and local laws, statutes, regulations, codes, acts, permits, licenses, ordinances, orders, by-laws, guidelines, notices, protocols, policies, directions and rules and regulations, including those of any governmental or other public authority, which may now, or at any time hereafter, govern, be applicable to or enforceable against or in respect of the Obligors, the operation of their business or their property, as the case maybe, including Cannabis Laws.

"Business Day" means a day on which banks in Toronto, Ontario are open for business.

"Cannabis Laws" means the *Cannabis Licence Act, 2018*, S.O. 2018, c.12, Sched. 2, the *Cannabis Act*, S.C. 2018, c. 16 (Canada), the *Cannabis Control Act, 2017*, S.O. 2017, c. 26, Schedule 1 (Ontario), and any other applicable governing legislation and the regulations thereunder, all as may be amended, supplemented or replaced from time to time and those which regulate the sale or distribution of cannabis (in various forms), cannabinoid product or paraphernalia commonly associated with cannabis and/or related cannabinoid products.

"Court Ordered Charges" means the Administrative Charge, the Directors' Charge and the DIP Lender's Charge.

"Default" means any Event of Default or any condition or event which, after notice or lapse of time or both, would constitute an Event of Default.

"DIP Credit Documentation" means this Agreement, the orders of the Court approving it and any other definitive documentation in respect of the DIP Facility that are in form and substance satisfactory to the DIP Lender.

"DIP Security" means the contractual security and contractual hypothecary documents granted by the Borrower providing for a security interest/hypothec in and lien on all now- owned and hereafter-acquired assets and property of the Borrower, real and personal, tangible or intangible and all proceeds therefrom, but excluding (i) such assets, if any, as the DIP Lender in its discretion determines to be immaterial or to be assets for which the cost and other burdens of establishing and perfecting a security interest outweigh the benefits of establishing and perfecting a security interest, and (ii) other exceptions to be mutually agreed.

"Directors' Charge" means a super-priority Court-ordered charge against the assets of the Obligors securing the indemnity granted by the Obligors to their respective directors and officers in an amount not to exceed \$2,350,000.

"Legal Fees" means all reasonable and documented legal fees that the DIP Lender will have to pay to its legal counsel in connection with any and all tasks related to this Agreement, the orders of the Court, the DIP Facility or the DIP Credit Documentation.

“**Liens**” means all mortgages, pledges, charges, encumbrances, hypothecs, liens and security interests of any kind or nature whatsoever.

“**Monitor**” means KSV Restructuring Inc.

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

“**Permitted Liens**” means (i) the Court Ordered Charges; (ii) the liens registered against the Obligors in the Provinces of Ontario, British Columbia, Alberta, Manitoba and Saskatchewan as more particularly described in the search summaries attached to the Affidavit of Patricia Symmes-Rizakos sworn on July 24, 2023 in connection with the CCAA Proceedings, and (iii) liens, if any, in respect of amounts payable by an Obligor for wages, vacation pay, deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada), income tax and workers compensation claims.

“**Person**” means an individual, partnership, corporation (including a business trust), joint venture, limited liability company or other entity, or governmental authority.

“**Plan**” means the implementation of a plan of compromise or arrangement within the CCAA proceedings which has been approved by the requisite majorities of the Borrower’s creditors and by order entered by the Court and by the DIP Lender.

“**SISP**” means the Court-supervised sales and investment solicitation process to be undertaken by the Borrower and the Guarantors pursuant to the SISP Order.

“**SISP Order**” means an order of the Court approving the SISP in respect of the assets, undertakings and properties of the Obligors, satisfactory to the DIP Lender, acting reasonably.

SCHEDULE "B"

Initial Cash Flow Projections

(see attached)

SCHEDULE "C"

Outstanding Obligations for Payroll, Employee Source Deductions, Sales Taxes, Value Added Taxes

- As at June 30, 2023, the Obligors had approximately \$9.3 million in excise tax arrears (net of deposits) and approximately \$2.5 million in sales tax arrears. The Obligors are current on payroll obligations and payroll source deductions.

This is Exhibit “UUU” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Khan". The signature is written in a cursive style with a large initial 'S'.

Commissioner for Taking Affidavits

DIP FACILITY TERM SHEET

Dated: July 24, 2023

WHEREAS Aleafia Health Inc. ("**Aleafia**") and certain of its subsidiaries, as borrowers, and Red White & Bloom Brands Inc. ("**RWB**" or the "**DIP Lender**", as the context dictates), as lender, are parties to a certain loan agreement made as of December 24, 2021, as guaranteed by certain other subsidiaries of Aleafia (as amended from time to time, the "**Loan Agreement**");

AND WHEREAS the Loan Agreement and all security and ancillary documents granted in connection therewith were assigned to RWB pursuant to a letter agreement dated as of June 6, 2023;

AND WHEREAS Aleafia has requested that RWB provide it with further loans to fund Aleafia and certain of its subsidiaries' restructuring efforts pursuant to a debtor-in-possession financing in the context of insolvency proceedings under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCA**") (the "**CCA Proceedings**") under the jurisdiction of the Ontario Superior Court of Justice (Commercial List) (the "**Court**");

AND WHEREAS, subject to the terms and conditions contained herein (this "**Agreement**"), the DIP Lender is prepared to establish the DIP Facility (as defined below) in favour of the Borrowers (as defined below) on the terms and conditions set out below;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

DEFINITIONS

Capitalized terms used but not otherwise defined herein shall have the meanings given to them on **Schedule "A"** hereto.

BORROWERS

Aleafia, Emblem Cannabis Corporation and Aleafia Farms Inc. (collectively, and on a joint and several basis, the "**Borrowers**", and each a "**Borrower**").

GUARANTORS

Each Borrower (in accordance with Section "Borrowers' Guarantee" below), Growwise Health Limited, Emblem Realty Ltd., Emblem Corp., Canabo Medical Corporation, Aleafia Brands Inc., Aleafia Retail Inc., 2672533 Ontario Inc., 2676063 Ontario Inc. and Aleafia Inc. (collectively, the "**Guarantors**").

The Guarantors hereby guarantee in favour of the DIP Lender the payment and performance of all Obligations of the Borrowers under or in connection with the DIP Facility.

DIP LENDER

Red White & Bloom Brands Inc. (the "**DIP Lender**").

JOINT AND SEVERAL

Each of the Borrowers agree, acknowledge and confirm that at their specific request the DIP Facility has been made available to all of them, and, in each case, that each individual Borrower's ability to drawdown the full amount available for DIP Advances under the DIP Facility is not restricted except as specifically provided for in this Agreement. All covenants,

agreements and obligations of the Borrowers contained in this Agreement relating to or in connection with the DIP Facility shall be joint and several covenants, agreements and obligations of each of the Borrowers as co-borrowers, and each of the Borrowers shall be jointly and severally liable for and obligated to repay all Obligations under the DIP Facility, in each case without the necessity of restating the words "jointly and severally" or "joint and several" in respect thereof. Such joint and several liability is independent of the duties, obligations and liabilities of each other Borrower. Each of the Borrowers waives all benefits of discussion and division among the Borrowers, and each of the Borrowers acknowledges and confirms that the DIP Lender shall have no obligation to pursue any other Borrower, as the case may be, or any Guarantor for all or any part of the Obligations under the DIP Facility before it can recover all such Obligations from it. Each Borrower acknowledges and confirms that it is fully responsible for all such Obligations even though it may not have requested a single DIP Advance.

Each of the Borrower's liability for payment of the DIP Facility shall be a primary obligation, shall be absolute and unconditional, and shall constitute full recourse obligations of each of the Borrowers, enforceable against each of them to the full extent of their respective assets and properties. Each of the Borrowers expressly waives any right to require the DIP Lender to marshal assets in favour of any Borrower or any other Person or to proceed against any other Borrower or any collateral provided by any Person, and agrees that the DIP Lender may proceed against any Borrower or any collateral in such order as it shall determine in its sole and absolute discretion. To the extent permitted by law, any release or discharge, by operation of law, of any Borrower from the performance or observance of any obligation, covenant or agreement contained in this Agreement shall not diminish or impair the liability of any other Borrower in any respect. Each of the Borrowers unconditionally and irrevocably waives each and every defense, right to discharge, compensation and setoff of any nature which, by statute or under principles of suretyship, guaranty or otherwise, would operate to impair or diminish in any way the obligation of any Borrower under this Agreement, and acknowledges that such waiver is by this reference incorporated into each security agreement, collateral assignment, pledge and/or other document from each Borrower now or later securing the DIP Facility, and acknowledges that as of the date of this Agreement no such defense or setoff exists. Each of the Borrowers waives any and all rights (whether by subrogation, indemnity, reimbursement, or otherwise) to recover from any other Borrower any amounts paid or the value of any Property given by such Borrower pursuant to this Agreement or otherwise until the DIP Facility are irrevocably paid in full in cash.

BORROWER'S GUARANTEE

To the maximum extent permitted by Applicable Law and to the extent that a Borrower is deemed a guarantor, each Borrower unconditionally and absolutely, guarantees payment when due, whether by stated maturity, demand, acceleration or otherwise, of the Obligations and all existing and future indebtedness owing hereunder or in connection with the DIP Facility owed by each other Borrower and expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any extension, modification, forbearance, compromise, settlement or variation of any of the terms of the Obligations and the said indebtedness, (b) the discharge or release of any liability of any other Borrower or any other Person now or hereafter liable on the Obligations and the said indebtedness, by reason of bankruptcy or insolvency laws or otherwise, (c) the acceptance or release by the DIP Lender of any collateral, security or other guaranty from any Borrower or any other Person, or any settlement, compromise or extension with respect to any such collateral, security or other guaranty, (d) the avoidance, invalidity or unenforceability of any collateral, security or other guaranty from any Borrower or any other Person, (e) any failure to give any notice, demand, notice of dishonor, protest, presentment or non-payment, or any other notice, (f) any failure to comply with any Applicable Law in connection with any enforcement of any right or remedy against any collateral, security or other guaranty from any Borrower or any other Person, or (g) any action or inaction of the DIP Lender in any insolvency proceeding involving any Borrower or any other Person.

DIP FACILITY

A non-revolving loan (the "**DIP Facility**") up to the maximum principal amount of \$6,600,000 (the "**Maximum Amount**") including an initial advance in an amount of \$2,400,000 (the "**Initial Advance**").

CURRENCY:

Unless otherwise noted, the currency of the DIP Facility shall be Canadian Dollars.

MATURITY DATE

Unless accelerated by an Event of Default, the DIP Facility shall be paid in full in cash on the date (the "**Maturity Date**") which is the earliest of:

(a) the date that is one hundred and twenty (120) days from the date of the Initial Advance (or such later date as the DIP Lender in its sole discretion may agree to in writing with the Borrowers, acting reasonably);

(b) the date on which (i) the stay of proceedings under the CCAA Proceedings is lifted without the consent of the DIP Lender, or (ii) the CCAA Proceedings are terminated for any reason;

(c) the closing of a sale or similar transaction (including pursuant to a subscription agreement and/or a reverse vesting

purchase agreement) for all or substantially all of the assets and business, or in respect, of the Obligors pursuant to the SISP, which has been approved by an order entered by the Court;

(d) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a “**Plan**”) which has been approved by the requisite majorities of the Obligors’ creditors and by an order entered by the Court; or

(e) the conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada).

The Maturity Date shall be accelerated upon the occurrence of an Event of Default.

The DIP Lender’s commitment in respect of the DIP Facility shall expire on the Maturity Date and all amounts outstanding under the DIP Facility including accrued Interest and Legal Fees (collectively, the “**Obligations**”) shall be repaid in full on the Maturity Date without the DIP Lender being required to make demand upon the Borrowers or to give notice that the DIP Facility has expired and the Obligations are due and payable.

AVAILABILITY

Subject to the terms and conditions set forth in this Agreement, the Initial Order and the Restated Initial Order, the DIP Lender will make loans (the “**DIP Advances**”) to the Borrowers under the DIP Facility in an aggregate principal amount not to exceed the Maximum Amount, as follows:

(a) Initial Advance: subject to the provisions hereunder under the heading **CONDITIONS PRECEDENT TO THE DISBURSEMENT OF INITIAL ADVANCE**, upon the issuance of the Initial Order by the Court, the amount of the Initial Advance, or such other lesser amount as may be approved by the Initial Order, will be made available to the Borrowers by the DIP Lender to finance the Borrowers’ operating requirements in accordance with the Initial Cash Flow Projections.

(b) Subsequent Advances: subject to the provisions hereunder under the heading **CONDITIONS PRECEDENT TO THE DISBURSEMENT OF DIP ADVANCES (OTHER THAN THE INITIAL ADVANCE)**, and except as may be otherwise agreed in writing by the Borrowers and the DIP Lender, any further DIP Advances under the DIP Facility shall be made available to the Borrowers by the DIP Lender until the Maturity Date in accordance with the then applicable Cash Flow Projections approved by the DIP Lender in its sole discretion, from time to time, subject to duly issued orders of the Court.

Unless otherwise agreed to in writing in advance by the DIP Lender in its sole direction, each Additional Advance shall be

made by the DIP Lender to the Borrowers as soon as practicable (and in any event within five (5) Business Days) after delivery to the DIP Lender of a drawdown certificate executed by the Borrowers certifying, *inter alia*, that (i) the advance corresponds with the then applicable Updated Cash Flow Projections for the one week period commencing the Monday following the date of the drawdown certificate, (ii) that there is no Default or Event of Default that has occurred and is continuing, and (iii) that the Borrowers are in compliance with the DIP Credit Documentation and the Restated Initial Order.

Notwithstanding the foregoing, the Borrowers shall not be required to submit a drawdown certificate to obtain the Initial Advance, the full amount of which shall be made available to the Borrowers by the DIP Lender immediately upon the satisfaction of the conditions precedent listed under the heading **CONDITIONS PRECEDENT TO THE DISBURSEMENT OF INITIAL ADVANCE** hereunder being satisfied by the Borrowers or otherwise waived by the DIP Lender in its sole discretion.

ACCOUNT

All DIP Advances shall be deposited into an account acceptable to the Borrowers, the Monitor and the DIP Lender and withdrawn to pay contemplated expenses under the then applicable Cash Flow Projections and otherwise in accordance with the terms hereof.

USE OF PROCEEDS AND CASH FLOW PROJECTIONS

The Initial Advance under the DIP Facility shall be used in accordance with the cash flow projections attached herewith as **Schedule "B"** (the "**Initial Cash Flow Projections**"), which have been prepared by the Borrowers in consultation with the Monitor. Any Additional Advances shall be used in accordance with the Updated Cash Flow Projections (collectively with the Initial Cash Flow Projections, the "**Cash Flow Projections**"), in each case, to fund working capital and general corporate needs of the Obligors during, and costs and expenses incurred by the Obligors in connection with, the CCAA Proceedings.

No proceeds of the DIP Advances may be used for any purpose other than in accordance with the Cash Flow Projections except with the prior written consent of the DIP Lender.

INTEREST RATE

Interest ("**Interest**") on the principal outstanding amount of the DIP Advances (including the compounded interest referenced below) from the date each such DIP Advance is made (or, in the case of the compounded interest referenced below, the date that such interest is compounded), both before and after maturity, demand, default, or judgment until payment in full at a rate of 12.5% per annum, compounded and calculated

weekly shall accrue and be added to the principal amount of the DIP Advances on the first day of each month.

All interest shall be calculated on the basis of a 365-day (or 366 day, as applicable) year, in each case for the actual number of days elapsed in the period during which it accrues.

All payments under or in respect of the DIP Facility shall be made free and clear of any withholding, set-off or other deduction.

If any provision hereof or the DIP Credit Documentation would obligate the Obligors to make any payment of interest or other amount payable to the DIP Lender in an amount or calculated at a rate which would be prohibited by law or would result in receipt by the DIP Lender of interest at a criminal rate (as construed under the *Criminal Code* (Canada)) then, notwithstanding that provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in a receipt by the DIP Lender of interest at a criminal rate.

FEES

The Borrower shall pay a commitment fee in the amount of \$198,000.00 (the "**Fee**"), representing 3% of the Maximum Amount, which shall be fully earned upon the execution of this Agreement and shall be paid from the Initial Advance or otherwise satisfied on the date of issuance of the Initial Order by the Court. For certainty, the Fee shall be secured by the DIP Lender's Charge.

COSTS AND EXPENSES

The Borrowers shall pay, on a bi-weekly basis, all reasonable and documented costs and expenses of the DIP Lender, and all reasonable and documented fees, expenses and disbursements of outside counsel, appraisers, field auditors, and any financial consultant, related to or in connection with the CCAA Proceedings, including, without limitation, reasonable and documented costs and expenses incurred by the DIP Lender in connection with the enforcement of any of the rights and remedies available hereunder.

DIP SECURITY

All Obligations of the Obligors under or in connection with the DIP Facility and any of the DIP Credit Documentation shall be secured by a Court Ordered Charge on all present and after-acquired personal and real, tangible or intangible property of the Obligors, in each case of any kind or nature whatsoever and wheresoever situated (the "**DIP Lender's Charge**") without the need for any further loan or security documentation or any filings or registrations in any public register or system.

CONDITIONS PRECEDENT TO THE DISBURSEMENT OF INITIAL ADVANCE

The DIP Lender's obligation to make the Initial Advance hereunder is subject to, and conditional upon, the satisfaction of all of the following conditions precedent:

1. the Obligors' application materials in connection with their application for the issuance of an initial order under the CCAA (in form and substance satisfactory to the DIP Lender, acting reasonably, the "**Initial Order**") shall have been shared with the DIP Lender, and such application shall have been brought before the Court no later than July 25, 2023, on notice to such parties as are acceptable to the DIP Lender, acting reasonably;
2. the form of Initial Order shall be in form and substance satisfactory to the DIP Lender, acting reasonably;
3. KSV Restructuring Inc. shall have been appointed as the Monitor pursuant to the Initial Order;
4. the Initial Order (i) shall have been issued by the Court authorizing and approving the Initial Advance under the DIP Facility and granting the DIP Lender's Charge in respect of the Initial Advance, and (ii) shall be in full force and effect and shall have not been stayed, reversed, vacated, rescinded, modified or amended in any respect adversely affecting the DIP Lender, unless otherwise agreed by the DIP Lender, acting reasonably;
5. except to the extent not permitted by the CCAA, the DIP Lender's Charge shall have priority over all Liens granted by the Obligors against any of the undertakings, property or assets of the Obligors (collectively, the "**Property**") except for an administrative charge on the Property in an aggregate amount not to exceed \$500,000 under the Initial Order, which amount shall be increased to \$1,250,000 under the Restated Initial Order (the "**Administrative Charge**"); and
6. the Initial Cash Flow Projections shall be acceptable to the DIP Lender, in its reasonable discretion.

CONDITIONS PRECEDENT TO THE DISBURSEMENT OF DIP ADVANCES (OTHER THAN THE INITIAL ADVANCE)

The DIP Lender's obligation to make any Additional Advances hereunder is subject to, and conditional upon, the satisfaction of all of the following conditions precedent:

1. the Obligors' application materials in connection with their application for the Restated Initial Order shall be satisfactory to the DIP Lender, acting reasonably, and such application shall be brought before the Court no

later than August 4, 2023, on notice to such parties as are acceptable to the DIP Lender, acting reasonably;

2. an order amending and restating the Initial Order, in form and substance acceptable to the DIP Lender, acting reasonably, shall have been issued by the Court authorizing and approving the increase to the DIP Facility and granting the DIP Lender's Charge (the "**Restated Initial Order**") and the Restated Initial Order shall be in full force and effect and shall have not been stayed, reversed, vacated, rescinded, modified or amended in any respect adversely affecting the DIP Lender, unless otherwise agreed by the DIP Lender, acting reasonably;
3. the DIP Lender's Charge shall have priority over all Liens granted by the Obligors against any of the undertaking, property or assets of the Obligors except for the Administrative Charge;
4. all amounts requested for a particular Additional Advance shall be consistent with the Updated Cash Flow Projections for the applicable period, or otherwise expressly agreed by the DIP Lender in advance;
5. the terms and conditions of the Sale and Investment Solicitation Process (the "**SISP**"), including the various relevant milestones of such SISP and an outside date for the completion of the SISP (the "**SISP Milestones**") approved by the Court, shall be in a form and substance satisfactory to the Monitor, and the DIP Lender shall be satisfied, acting reasonably, with the terms of the SISP and the SISP Order;
6. the representations and warranties contained herein shall be true and correct; and
7. no Default or Event of Default shall have occurred and be continuing.

Each of the Obligors agrees to indemnify and hold harmless the DIP Lender, its officers, directors, employees, representatives, advisors, solicitors and agents (collectively, the "**Indemnified Persons**") from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or suited against or involve any of the Indemnified Persons as a result of, in connection with or in any way related to the DIP Facility, this Agreement, or the DIP Credit Documentation, except to the extent that such actions, lawsuits, proceedings, claims, losses, damages, liabilities or expenses result from the

gross negligence or willful misconduct of such Indemnified Persons.

REPRESENTATIONS AND WARRANTIES

Each of the Obligors represents and warrants to the DIP Lender, upon which the DIP Lender relies in entering into this Agreement and the other DIP Credit Documentation, that:

1. The transactions contemplated by this Agreement and the other DIP Credit Documentation:
 - a. upon the granting of either the Initial Order or the Restated Initial Order, are within the powers of the Obligors;
 - b. have been duly authorized, executed and delivered by or on behalf of the Obligors;
 - c. upon the granting of either the Initial Order or the Restated Initial Order, constitute legal, valid and binding obligations of the Obligors;
 - d. upon the granting of either the Initial Order or the Restated Initial Order, do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority, other than filings which may be made to register or otherwise record the DIP Lender's Charge or any DIP Security granted pursuant to the DIP Credit Documentation;
2. the business operations of the Obligors have been and will continue to be conducted in compliance with all Applicable Laws of each jurisdiction in which each such business has been or is being carried on;
3. the Obligors obtained all licenses and permits required for the operation of their business, which licenses and permits remain, and after the date of the Initial Advance will remain, in full force and effect. No proceedings have been commenced to revoke or amend any of such licenses or permits and no notices advising of a breach or potential breach of the conditions of such licenses has been received;
4. except as reflected in the Cash Flow Projections and as disclosed in **Schedule "C"** hereto, and than those amounts the Obligors have made known to the DIP Lender to date, the Obligors have paid where due their obligations for payroll, employee source deductions, sales taxes, value added taxes and are not in arrears in respect of these obligations;

5. the Obligors do not have any defined benefit pension plans or similar plans; and
6. all factual information provided by or on behalf of the Borrowers to the DIP Lender for the purposes of or in connection with this Agreement or any transaction contemplated herein is, to the best of the Borrowers' knowledge, true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided. In particular, and without limiting the generality of the foregoing, to the best of the Borrowers' knowledge, all information regarding the Borrowers' corporate structure is true and complete, and all public filings and financial reports are complete and true in all material respects as of the date thereof.

AFFIRMATIVE COVENANTS

Each of the Obligors covenants and agrees to do the following:

1. comply with the Cash Flow Projections, including making payments when scheduled to be made in accordance with the Cash Flow Projections, and their reporting and other obligations to deliver financial information to the DIP Lender hereunder; provided that, such reporting and financial information shall be prepared and delivered under the supervision of the Monitor;
2. allow the DIP Lender, its designated representatives and financial advisors full access to the books and records of the Obligors on reasonable notice and during normal business hours and cause management thereof to fully cooperate with any advisors to the DIP Lender;
3. use the proceeds of the DIP Facility only for the purposes set out herein;
4. comply with the provisions of the Court orders made in the CCAA Proceedings;
5. obtain the SISF Order no later than August 14, 2023;
6. comply with the SISF and SISF Milestones following approval thereof by the Court in the CCAA Proceedings pursuant to the SISF Order;
7. provide the DIP Lender with draft copies of all motions, applications, proposed orders or other material or documents that any of them intends to file within the

CCAA Proceedings at least three (3) days prior to any service of such materials or, where it is not practically possible to do so at least three days prior to any such service, as soon as possible prior to such service;

8. maintain all licenses required for the operation of their business in good standing;
9. provide the DIP Lender with all correspondence between the Obligors and any governmental authority in respect of their cannabis licenses from and after the date of the Initial Order;
10. the Initial Order, the Restated Initial Order and any other Court orders which are being sought by the Borrower shall be shared with the DIP Lender; provided that any Court order that directly impacts the DIP Facility and the DIP Lender's Charge shall be in a form satisfactory to the DIP Lender, acting reasonably, subject to any amendments that are required by the Court;
11. subject to any Court ordered limitations and appropriate confidentiality restrictions to the extent the DIP Lender participates in the SISP as a stalking horse purchaser or a bidder, use all reasonable efforts to keep the DIP Lender apprised on a timely basis of all developments with respect to the business and affairs of the Obligors and with respect to the SISP;
12. deliver to the DIP Lender by no later than 5:00 p.m. (Toronto time) on Tuesday of each week (or, if Tuesday is not a Business Day, the following Business Day), updated 13-week cash flow projections, in form and substance satisfactory to the DIP Lender, in its discretion, reflecting the projected cash requirements of the Borrowers on a rolling-basis (the "**Updated Cash Flow Projections**");
13. concurrently with the weekly delivery of Updated Cash Flow Projections, provide a comparison to the previously delivered Updated Cash Flow Projections (or to the Initial Cash Flow Projections, if applicable) including applicable bank reconciliations;
14. maintain all insurance with respect to the Property in existence as of the date hereof;
15. forthwith notify the DIP Lender of any event or circumstance that, with the passage of time, may constitute an Event of Default;

16. forthwith notify the DIP Lender of the occurrence of any Event of Default, or of any event or circumstance that may constitute a material adverse change from the Cash Flow Projections;
17. duly and punctually pay or cause to be paid to the DIP Lender all principal and interest payable by it under this Agreement and under any other DIP Credit Documentation on the dates, at the places and in the amounts and manner set forth herein;
18. comply in all respects with all Applicable Laws; and
19. comply in all material respects with their obligations under the DIP Credit Documentation.

NEGATIVE COVENANTS

Each of the Obligors covenants and agrees not to do the following, other than with the prior written consent of the DIP Lender, which consent shall not be unreasonably withheld:

1. sell, assign, transfer, lease or otherwise dispose of all or any part of its assets, tangible or intangible, outside the ordinary course of business, except for the disposition of any obsolete equipment or other assets or as permitted under the Initial Order or Restated Initial Order, or pursuant to the SISP Order;
2. make any payment of principal or interest in respect of existing (pre-filing date) indebtedness except as contemplated by the Cash Flow Projections, or declare or pay any dividends;
3. create or permit to exist indebtedness for borrowed money other than existing (pre-filing date) debt, debt contemplated by this DIP Facility and post-filing trade payables incurred in the ordinary course of business;
4. create or permit to exist any Liens on any of the Property other than Permitted Liens;
5. enter into or agree to enter into any investments (other than cash equivalents) or acquisitions of any kind, direct or indirect, in any business;
6. assume or otherwise agree to be bound by any contingent liabilities or provide any guarantee or financial assistance to any Person;
7. transfer, distribute, lend or otherwise provide any funds (whether arising from DIP Advances or otherwise) to any Affiliate unless such Affiliate is an Obligor;

8. enter into any amalgamation, reorganization, liquidation, dissolution, winding-up, merger or other transaction or series of transactions whereby, directly or indirectly, all or any significant portion of the undertaking, property or assets of any Obligor would become the property of any other Person or Persons unless authorized by the DIP Lender;
9. other than the Court Ordered Charges, seek or support a motion by another party to provide to a third party a charge upon any Property (including, without limitation, a critical supplier's charge) without the prior consent of the DIP Lender;
10. amend or seek to amend the Initial Order or the Restated Initial Order, or without the prior approval of the Monitor, the SISP;
11. other than for cause, terminate the employment of any personnel required to maintain all of its cannabis licenses in good standing unless replaced in due course;
12. terminate or repudiate any agreement with the DIP Lender, solely in its capacity as lender under the DIP Facility;
13. seek or obtain any order from the Court that materially adversely affects the DIP Lender, except with the prior written consent of the DIP Lender; and
14. other than the two leases disclosed to the DIP Lender, disclaim any lease or agreement pursuant to section 32 of the CCAA, which is material to the business and operations of the Borrowers.

EVENTS OF DEFAULT

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

1. failure of the Borrowers to pay principal or interest when due under this Agreement or any other DIP Credit Documentation;
2. any other breach by any Obligor in the observance or performance of any provision, covenant (affirmative or negative) or agreement contained in this Agreement, provided, that, in the case of a breach of any affirmative covenant, such breach remains unremedied for longer than three (3) Business Days following receipt of notice thereof;

3. the SISP Order has not been issued by the Court by August 14, 2023.
4. if the total cumulative disbursements and receipts pursuant to the Cash Flow Projections are: (i) at any time during the first two weeks of the CCAA Proceedings, greater than 20% of the cumulative budget confirmed in the applicable Cash Flow Projections; and (ii) thereafter, greater than 10% of the cumulative budget confirmed in the applicable Cash Flow Projections, in each case measured on a weekly basis;
5. (i) any order shall be entered reversing, amending, varying, supplementing, staying, vacating or otherwise modifying in any respect in a manner materially affecting the DIP Lender without the prior written consent of the DIP Lender, (ii) either the Initial Order or the Restated Initial Order shall cease to be in full force and effect in a manner that has a material adverse effect on the interests of the DIP Lender, or (iii) any Borrower shall fail to comply in any material respect that has an adverse effect on the interests of the DIP Lender with any order granted by the Court in the CCAA Proceedings;
6. this Agreement or any other DIP Credit Documentation shall cease to be effective or shall be contested by an Obligor;
7. any order is issued by the Court (or any other court of competent jurisdiction) that materially adversely affects the DIP Lender;
8. the CCAA Proceedings are terminated or converted to bankruptcy proceeding or any order is granted by the Court (or any court of competent jurisdiction) granting relief from the stay of proceedings during the CCAA Proceedings (as extended from time to time until the Maturity Date), unless agreed by the DIP Lender, acting reasonably;
9. any Plan is filed or sanctioned by the Court in a form and in substance that is not acceptable to the DIP Lender if such Plan does not either provide for the repayment of the obligations, in their entirety including compounded interest added to the principal, under the DIP Facility in full by the Maturity Date;
10. if any of the Borrower's cannabis licenses are revoked or any Borrower fails to comply with a material condition required to keep such licenses in good standing and such license is not reinstated or such

Borrower's failure to comply with such material condition continues for a period of five (5) Business Days;

11. any of the Obligors makes any material payments of any kind not permitted by this Agreement, the Cash Flow Projections or any order of the Court; or
12. borrowings under the DIP Facility exceed the Maximum Amount.

REMEDIES

Upon the occurrence and continuance of an Event of Default, subject to the DIP Credit Documentation, the DIP Lender may, upon written notice to the Borrower and the Monitor:

1. terminate the DIP Facility;
2. on prior written notice to the Obligors and the service list of no less than four (4) Business Days, apply to the Court for the appointment of an interim receiver or a receiver and manager of the Property or for the appointment of a trustee in bankruptcy of the Obligors;
3. exercise the powers and rights of a secured party under any legislation; and
4. exercise all such other rights and remedies under the DIP Credit Documentation and Orders of the Court in the CCAA Proceedings.

DIP LENDER APPROVALS

All consents of the DIP Lender hereunder shall be in writing. Any consent, approval, instruction or other expression of the DIP Lender to be delivered in writing may be delivered by any written instrument, including by way of electronic mail.

FURTHER ASSURANCES

The Obligors shall at their expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lender may reasonably request for the purpose of giving effect to this Agreement and the DIP Lender's Charge, perfecting, protecting and maintaining the Liens created by the DIP Lender's Charge or establishing compliance with the representations, warranties and conditions of this Agreement or any other DIP Credit Documentation.

ENTIRE AGREEMENT

This Agreement, including the Schedules hereto and the DIP Credit Documentation, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Agreement and any of the other DIP Credit Documentation, this Agreement shall govern. Neither this Agreement nor any

other DIP Credit Documentation, nor any terms hereof or thereof, may be amended, unless such amendment is in writing signed by the Obligors and the DIP Lender.

AMENDMENTS, WAIVERS, ETC.

No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder or under any other DIP Credit Documentation will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of the DIP Lender. Any consent to be provided by the DIP Lender shall be granted or withheld solely in its capacity, and having regard to its interests, as DIP Lender.

ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. The Obligors may not assign their rights and obligations under this Agreement without the written consent of the DIP Lender. The DIP Lender's rights and obligations under this Agreement are fully assignable, to an Affiliate of the DIP Lender without the consent of (but with prior notice to) the Obligors. In addition, the DIP Lender's rights and obligations under this Agreement are assignable, with the consent of the Obligors, acting reasonably, before an Event of Default to any other entity, and are freely assignable, without the consent of the Obligors (but with prior notice to), after an Event of Default has occurred and is continuing. Each of the Obligors hereby consents to the disclosure of any confidential information in respect of the Borrower to any potential assignee provided such potential assignee agrees in writing to keep such information confidential. A copy of all notices delivered pursuant to this section shall be delivered promptly to the Monitor.

SEVERABILITY

Any provision in any DIP Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

PRESS RELEASES

The Borrowers shall not issue any press releases or other public disclosure, other than Court documents approved in the manner set out herein, naming the DIP Lender without its prior approval, acting reasonably, unless the Borrowers are required to do so by applicable securities laws or other Applicable Law.

**COUNTERPARTS AND
FACSIMILE SIGNATURES**

This Agreement may be executed in any number of counterparts and by facsimile or e-mail transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Agreement by signing any counterpart of it.

NOTICES

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the person as set forth below:

In the case of the DIP Lender:

With a copy to:

Gowling WLG (Canada) LLP
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, ON M5X 1G5

Attention: Virginie Gauthier, Katherine Yurkovich
Email: virginie.gauthier@gowlingwlq.com;
kate.yurkovich@gowlingwlq.com

In the case of the Obligors:

With a copy to:

Aird & Berlis LLP
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada
M5J 2T9

Attention: Kyle Plunkett
Email: kplunkett@airdberlis.com

In either case, with a copy to the Monitor:

KSV Restructuring Inc.
222 Bay Street, 13th Floor
Toronto ON M5J 2W4

Attention: Noah Goldstein
Email: ngoldstein@ksvadvisory.com

In either case, with a copy to the Monitor's counsel:

Osler Hoskin & Harcourt LLP
First Canadian Place, 100, 1 King St W
Suite 6200,
Toronto, ON M5X 1B8

Attention: Marc Wasserman
Email : mwasserman@osler.com

GOVERNING LAW AND JURISDICTION

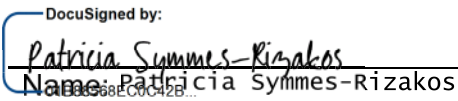
This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the Obligors irrevocably submits to the non-exclusive courts of the

Province of Ontario, waives any objections on the ground of venue or forum *non conveniens* or any similar grounds, and consents to service of process by mail or in any other manner permitted by relevant law.

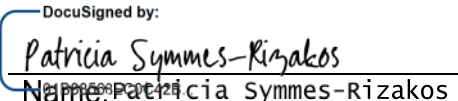
[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS HEREOF, the parties hereby execute this Agreement as of the date first written above.

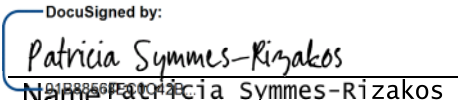
ALEAFIA HEALTH INC.

By: 
Name: Patricia Symmes-Rizakos
Title: Chief Executive Officer

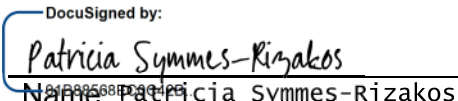
EMBLEM CANNABIS CORPORATION

By: 
Name: Patricia Symmes-Rizakos
Title: Authorized Signing Officer

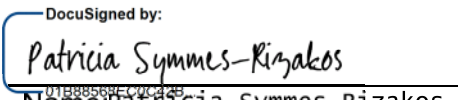
ALEAFIA FARMS INC.

By: 
Name: Patricia Symmes-Rizakos
Title: Authorized Signing Officer

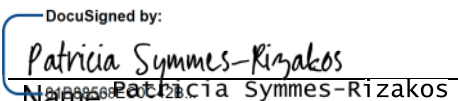
EMBLEM CORP.

By: 
Name: Patricia Symmes-Rizakos
Title: Authorized Signing Officer

CANABO MEDICAL CORPORATION

By: 
Name: Patricia Symmes-Rizakos
Title: Authorized Signing Officer

ALEAFIA INC.

By: 
Name: Patricia Symmes-Rizakos
Title: Authorized Signing Officer

EMBLEM REALTY LTD.

DocuSigned by:

Patricia Symmes-Rizakos
Name: Patricia Symmes-Rizakos

Title: Authorized signing officer

GROWWISE HEALTH LIMITED.

DocuSigned by:

Patricia Symmes-Rizakos
Name: Patricia Symmes-Rizakos

Title: Authorized Signing Officer

RED WHITE & BLOOM BRANDS INC.

Name:

Title:

EMBLEM REALTY LTD.

Name: _____

Title:

GROWWISE HEALTH LIMITED.

Name: _____ Name:

Title: Title:

RED WHITE & BLOOM BRANDS INC.



Name: Eddie Mattei

Title: CFO

SCHEDULE "A"

Additional Definitions

"Affiliate" means, in respect of any Person at any date, (a) any corporation, company, limited liability company, association, joint venture or other business entity of which securities, membership interests or other ownership interests representing fifty percent (50%) or more of the voting power of all equity interests are owned or held, directly or indirectly, by such Person, (b) any partnership, limited liability company or joint venture wherein the general partner, managing partner or operator is, directly or indirectly, such Person, or (c) any other Person that is otherwise directly or indirectly controlled by such Person.

"Applicable Laws" means all federal, provincial, municipal and local laws, statutes, regulations, codes, acts, permits, licenses, ordinances, orders, by-laws, guidelines, notices, protocols, policies, directions and rules and regulations, including those of any governmental or other public authority, which may now, or at any time hereafter, govern, be applicable to or enforceable against or in respect of the Obligors, the operation of their business or their property, as the case maybe, including Cannabis Laws.

"Business Day" means a day on which banks in Toronto, Ontario are open for business.

"Cannabis Laws" means the *Cannabis Licence Act, 2018*, S.O. 2018, c.12, Sched. 2, the *Cannabis Act*, S.C. 2018, c. 16 (Canada), the *Cannabis Control Act, 2017*, S.O. 2017, c. 26, Schedule 1 (Ontario), and any other applicable governing legislation and the regulations thereunder, all as may be amended, supplemented or replaced from time to time and those which regulate the sale or distribution of cannabis (in various forms), cannabinoid product or paraphernalia commonly associated with cannabis and/or related cannabinoid products.

"Court Ordered Charges" means the Administrative Charge, the Directors' Charge and the DIP Lender's Charge.

"Default" means any Event of Default or any condition or event which, after notice or lapse of time or both, would constitute an Event of Default.

"DIP Credit Documentation" means this Agreement, the orders of the Court approving it and any other definitive documentation in respect of the DIP Facility that are in form and substance satisfactory to the DIP Lender.

"DIP Security" means the contractual security and contractual hypothecary documents granted by the Borrower providing for a security interest/hypothec in and lien on all now- owned and hereafter-acquired assets and property of the Borrower, real and personal, tangible or intangible and all proceeds therefrom, but excluding (i) such assets, if any, as the DIP Lender in its discretion determines to be immaterial or to be assets for which the cost and other burdens of establishing and perfecting a security interest outweigh the benefits of establishing and perfecting a security interest, and (ii) other exceptions to be mutually agreed.

"Directors' Charge" means a super-priority Court-ordered charge against the assets of the Obligors securing the indemnity granted by the Obligors to their respective directors and officers in an amount not to exceed \$2,350,000.

"Legal Fees" means all reasonable and documented legal fees that the DIP Lender will have to pay to its legal counsel in connection with any and all tasks related to this Agreement, the orders of the Court, the DIP Facility or the DIP Credit Documentation.

“**Liens**” means all mortgages, pledges, charges, encumbrances, hypothecs, liens and security interests of any kind or nature whatsoever.

“**Monitor**” means KSV Restructuring Inc.

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

“**Permitted Liens**” means (i) the Court Ordered Charges; (ii) the liens registered against the Obligors in the Provinces of Ontario, British Columbia, Alberta, Manitoba and Saskatchewan as more particularly described in the search summaries attached to the Affidavit of Patricia Symmes-Rizakos sworn on July 24, 2023 in connection with the CCAA Proceedings, and (iii) liens, if any, in respect of amounts payable by an Obligor for wages, vacation pay, deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada), income tax and workers compensation claims.

“**Person**” means an individual, partnership, corporation (including a business trust), joint venture, limited liability company or other entity, or governmental authority.

“**Plan**” means the implementation of a plan of compromise or arrangement within the CCAA proceedings which has been approved by the requisite majorities of the Borrower’s creditors and by order entered by the Court and by the DIP Lender.

“**SISP**” means the Court-supervised sales and investment solicitation process to be undertaken by the Borrower and the Guarantors pursuant to the SISP Order.

“**SISP Order**” means an order of the Court approving the SISP in respect of the assets, undertakings and properties of the Obligors, satisfactory to the DIP Lender, acting reasonably.

SCHEDULE "B"

Initial Cash Flow Projections

(see attached)

SCHEDULE "C"

Outstanding Obligations for Payroll, Employee Source Deductions, Sales Taxes, Value Added Taxes

- As at June 30, 2023, the Obligors had approximately \$9.3 million in excise tax arrears (net of deposits) and approximately \$2.5 million in sales tax arrears. The Obligors are current on payroll obligations and payroll source deductions.

This is Exhibit “VVV” referred to in the Affidavit of Patricia Symmes-Rizakos
sworn before me at Toronto, Ontario, this 24th day of July, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

Aleafia Health Inc., Emblem Corp., Emblem Cannabis Corporation, Emblem Realty Ltd., Growwise Health Limited, Canabo Medical Corporation, Aleafia Inc., Aleafia Farms Inc., Aleafia Brands Inc., Aleafia Retail Inc., 2672533 Ontario Inc. and 2676063 Ontario Inc. (collectively the "Applicants")

Projected Statement of Cash Flow

For the Period Ending October 13, 2023

(Unaudited; \$CAD, Thousands)

Notes	Weeks Ending												Total	
	28-Jul-23	4-Aug-23	11-Aug-23	18-Aug-23	25-Aug-23	1-Sep-23	8-Sep-23	15-Sep-23	22-Sep-23	29-Sep-23	6-Oct-23	13-Oct-23		
<i>Receipts</i>														
1														
Recreational Sales	2	-	183	415	490	559	105	34	544	189	417	358	346	3,639
Medical Sales	3	212	212	212	212	212	212	212	212	212	212	212	212	2,543
Other Collections	4	-	33	-	-	-	175	33	-	-	175	-	-	416
<i>Total Receipts</i>		212	428	627	702	771	492	279	756	401	804	570	558	6,599
<i>Disbursements</i>														
<i>Operating Costs:</i>														
Excise Taxes	5	-	(743)	-	-	-	(500)	-	-	-	-	(500)	-	(1,743)
HST Payments	6	-	(150)	-	-	(150)	-	-	-	(150)	-	-	-	(450)
Inventory Purchases	7	(310)	(139)	(335)	(164)	(203)	(255)	(335)	(139)	(480)	(312)	(442)	(181)	(3,294)
Payroll and Benefits	8	(525)	(10)	(130)	(385)	(180)	(395)	(155)	-	(165)	-	(510)	-	(2,455)
Rent	9	(96)	-	-	-	-	(96)	-	-	-	-	-	-	(192)
Insurance		(96)	-	-	-	-	(96)	-	-	-	(96)	-	(306)	(594)
Operating Expenses	10	(202)	(88)	(121)	(88)	(96)	(236)	(91)	(88)	(91)	(215)	(91)	(80)	(1,486)
Contingency		(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(180)
<i>Total Operating Disbursements</i>		(1,244)	(1,145)	(601)	(652)	(644)	(1,594)	(596)	(242)	(901)	(638)	(1,558)	(582)	(10,395)
<i>Net Cash Flow Before the Undernoted</i>		(1,032)	(717)	26	50	127	(1,101)	(317)	514	(500)	166	(987)	(23)	(3,796)
Restructuring Costs	11	-	-	(310)	(310)	(200)	(160)	(160)	(160)	(160)	(160)	(210)	(210)	(2,040)
Pre-filing settlement payments	12	(225)	(115)	(15)	(15)	(15)	(15)	(15)	-	-	-	-	-	(415)
DIP Fees	13	(198)	-	-	-	-	-	-	-	-	-	-	-	(198)
<i>Net Cash Flow</i>		(1,455)	(832)	(299)	(275)	(88)	(1,276)	(492)	354	(660)	6	(1,197)	(233)	(6,449)
Opening Cash Balance		-	945	113	564	288	200	624	132	485	1,326	1,332	135	-
Net cash flow		(1,455)	(832)	(299)	(275)	(88)	(1,276)	(492)	354	(660)	6	(1,197)	(233)	(6,449)
DIP Financing	14	2,400	-	750	-	-	1,700	-	-	1,500	-	-	250	6,600
Closing Cash Balance		945	113	564	288	200	624	132	485	1,326	1,332	135	151	151
DIP Loan Balance, excluding accrued interest		2,400	2,400	3,150	3,150	3,150	4,850	4,850	4,850	6,350	6,350	6,350	6,600	6,600

Aleafia Health Inc., Emblem Corp., Emblem Cannabis Corporation, Emblem Realty Ltd., Growwise Health Limited, Canabo Medical Corporation, Aleafia Inc., Aleafia Farms Inc., Aleafia Brands Inc., Aleafia Retail Inc., 2672533 Ontario Inc. and 2676063 Ontario Inc. (collectively the "Applicants")

Notes to Projected Statement of Cash Flow

For the Period Ending October 13, 2023

(Unaudited; \$CAD, Thousands)

Purpose and General Assumptions

1. The purpose of the projection is to present a cash flow forecast of the Applicants a for the period July 25, 2023 to October 13, 2023 (the "Period") in respect of their proceedings under the Companies' Creditors Arrangement Act ("CCAA"). The cash flow forecast assumes that the Applicants file for protection under the CCAA on July 25, 2023.

Hypothetical Assumptions

2. Represents collections on sales of all cannabis related-products in the recreational channels.
3. Represents collections on sales of all cannabis related-products in the medical channels.
4. Primarily represents collections on sales of cannabis-related products in the wholesale and international markets.

Probable Assumptions

5. Represents monthly excise tax remittances paid in the normal course. Emblem Cannabis Corporation ("Emblem Cannabis") owes approximately \$10.1 million in excise taxes, of which approximately \$8.5 million is in arrears. It is assumed that the arrears will not be paid during the CCAA proceedings.
6. Represents monthly harmonized sales tax paid in the normal course. The Applicants have advised that they owe approximately \$2.5 million in sales tax arrears. It is assumed that the arrears will not be paid during the CCAA proceedings.
7. Represents cannabis and cannabis-related product purchases.
8. Includes payroll for all of the Applicants' employees. Hourly employees are paid bi-weekly and salaried employees are paid twice a month.
9. Represents occupancy costs including rent for the Applicants' leased head-office premises in Concord, Ontario. It is assumed that the Applicants will be vacating their head office by October 1, 2023.
10. Represents general operating costs, including sales and marketing, administrative costs, overhead costs and other sundry items.
11. Includes the estimated payments to the Monitor, its counsel, the Applicants' counsel and the counsel to the DIP Lender.
12. Represents projected payments of pre-filing balances to critical vendors in order to secure ongoing supply during the Period.
13. Represents the commitment fee payable under the DIP Facility. The commitment fee will be added to the DIP Facility.
14. Reflects projected DIP funding to be provided by the DIP Lender, as defined and pursuant to the terms of the DIP Term Sheet.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED
AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF ALEAFIA HEALTH INC., EMBLEM CORP., EMBLEM
CANNABIS CORPORATION, EMBLEM REALTY LTD., GROWWISE HEALTH LIMITED., CANABO MEDICAL CORPORATION,
ALEAFIA INC., ALEAFIA FARMS INC., ALEAFIA BRANDS INC., ALEAFIA RETAIL INC., 2672533 ONTARIO INC., and 2676063
ONTARIO INC.

Court File No.

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

Proceedings commenced at Toronto

AFFIDAVIT OF PATRICIA SYMMES-RIZAKOS

AIRD & BERLIS LLP

Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Kyle Plunkett (LSO# 61044N)
Robb English (LSO# 19862F)
Tamie Dolny (LSO# 77958U)
Samantha Hans (LSO# 84737H)

Tel: 416.863.1500
Fax: 416.863.1515

Lawyers for the Applicants

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED
AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF ALEAFIA HEALTH INC., EMBLEM CORP., EMBLEM CANNABIS CORPORATION, EMBLEM REALTY LTD., GROWWISE HEALTH LIMITED, CANABO MEDICAL CORPORATION, ALEAFIA INC., ALEAFIA FARMS INC., ALEAFIA BRANDS INC., ALEAFIA RETAIL INC., 2672533 ONTARIO INC., and 2676063 ONTARIO INC.

Court File No.

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

Proceedings commenced at Toronto

**APPLICATION RECORD
(returnable July 25, 2023)**

AIRD & BERLIS LLP

Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Kyle Plunkett (LSO# 61044N)
Robb English (LSO# 19862F)
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