

Court File No.:

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

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

APPLICATION RECORD

(Volume 2 of 3)

April 1, 2020

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This is Exhibit **"H"** *referred to in the*
affidavit of Nathan Woodworth
sworn before me, this 31st
day of March, 2020
.....
A COMMISSIONER FOR TAKING AFFIDAVITS

SECOND AMENDMENT TO AMENDED AND RESTATED LOAN AGREEMENT

This SECOND AMENDMENT TO AMENDED AND RESTATED LOAN AGREEMENT (this “**Amendment**”) is made as of February 19, 2020 between James E. Wagner Cultivation Corporation, as borrower (the “**Borrower**”), James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and Growthstorm Inc., as guarantors (the “**Guarantors**”, and together with the Borrower, the “**Obligors**”), and Trichome Financial Corp., as lender (the “**Lender**”, and together with the Obligors, the “**Parties**”).

RECITALS:

- A. Reference is made to the amended and restated loan agreement dated as of November 6, 2019, as amended by the first amendment dated as of January 9, 2020, among the Borrower, the Guarantors and the Lender (as may be further amended, restated, modified, replaced or superseded from time to time, the “**Loan Agreement**”); and
- B. The Borrower has requested the Lender advance the Tranche 2 Loan and the Parties have agreed to make certain changes on the terms and subject to the conditions herein.

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

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions. Capitalized terms not defined in this Amendment have the meanings given to them in the Loan Agreement.

Section 1.2 Headings, etc. The inclusion of headings in this Amendment is for convenience of reference only and does not affect the construction or interpretation hereof.

ARTICLE 2 AMENDMENTS TO THE LOAN AGREEMENT

Section 2.1 Amendment. Subject to the satisfaction of each of the conditions to effectiveness set forth in this Amendment, the Parties agree that the Loan Agreement is hereby amended as follows:

2.1.1 Section 1.1 of the Loan Agreement is hereby amended by adding the following definition in alphabetical order:

2.1.1.1 “**Alumina Offering**” means Alumina Partners (Ontario) Ltd.’s subscription of common shares and warrants of the Borrower pursuant to the terms of the investment agreement dated as of November 6, 2018;”

2.1.1.2 ““**Board**” means the board of directors of the Borrower;”

2.1.1.3 “**Lind Offering**” means (i) the issuance of subordinated convertible securities by the Borrower pursuant to a convertible security funding agreement dated as of December 29, 2019 with Lind Global Macro Fund, LP, or (ii) Lind Global Macro Fund, LP or any affiliate’s subscription of common shares and/or warrants of the Borrower pursuant to the terms of the investment agreement on terms and conditions satisfactory to

the Lender, in each case, subject to a subordination agreement in form and substance satisfactory to the Lender;”

- 2.1.2 The definition of “Surplus Working Capital” is hereby amended by deleting each reference to “February 4, 2020” and replacing each reference with “March 31, 2020”.
- 2.1.3 The definition of “Tranche 2 Date Shares” in Section 1.1 of the Loan Agreement is hereby amended by deleting “0.1487” and replacing it with “0.2” and deleting “\$1,092,500” and replacing it with “\$1,052,500”.
- 2.1.4 Section 1.1 of the Loan Agreement is hereby amended by deleting in its entirety the definition of “Tranche 2 Date Warrants”.
- 2.1.5 The definition of “Warrants” in Section 1.1 of the Loan Agreement is hereby amended by deleting the phrase “, the Amendment Date Warrants and the Tranche 2 Date Warrants” and replacing it with the following phrase “ and the Amendment Date Warrants.”
- 2.1.6 Section 2.1.3 of the Loan Agreement is hereby amended by deleting “\$57,000” and replacing it with “\$57,500”.
- 2.1.7 Section 2.8 of the Loan Agreement is hereby deleted in its entirety.
- 2.1.8 The following is added as Section 2.10 of the Loan Agreement.

“2.10 Mandatory Prepayment of the Loans

2.10.1 An amount equal to 33.3% of the proceeds from the issuance of any equity interest by the Borrower or any of its subsidiaries or any Lind Offering, Alumina Offering or any indebtedness permitted pursuant to Section 6.3.3(v) of this Agreement shall be applied within 2 Business Days of receipt thereof by or on behalf of the applicable Obligor, to the repayment of the outstanding Obligations where the principal amount of such Obligations have been outstanding for at least 1 year in accordance with Section 2.9 hereof.

2.10.2 Upon the occurrence of an Event of Default which is continuing, an amount equal to 100% of the proceeds received from the Borrower from receivables pursuant to the Factoring Agreement shall be applied within 2 Business Days of receipt thereof by or on behalf of the Borrower, to the repayment of the outstanding Obligations in accordance with Section 2.9 hereof.”

- 2.1.9 Section 5.1.28 of the Loan Agreement is hereby amended by deleting the phrase “the Tranche 2 Date Warrants,”

- 2.1.10 The following is added as Section 6.1.17 of the Loan Agreement:

“6.1.17.7 a weekly updated 90-day cash flow forecast, as provided to the Board;

6.1.17.8 ongoing view-only access to all bank accounts of the Obligors;

6.1.17.9 concurrently with distribution to the Board, any board materials distributed to the board of directors of the Borrower, including notice of, and an agenda for, each meeting of the Board and any committee thereof.

6.1.17.10 concurrently with its payment, notice of any payment by an Obligor in excess of \$50,000.”

2.1.11 Section 6.1.24 of the Loan Agreement is hereby amended by deleting the phrase “Within 60 day from the Amendment Date” and replacing it with “By April 17, 2020”.

2.1.12 The following is added as Section 6.1.25 of the Loan Agreement:

“**Special Committee.** At the Lender’s request (which may be made in its sole and absolute discretion), the Borrower shall form a special committee to review strategic alternatives of the Borrower, including the sale, merger or recapitalization of the Borrower.”

2.1.13 The following is added as Section 6.1.26 of the Loan Agreement:

“**Board Meetings and Calls.** The Borrower shall: (a) convene at least every 90 days (unless such other period is consented to by the Lender, in its sole discretion) a meeting of its Board and (b) hold a weekly call unless the Lender consents to cancel such call.”

2.1.14 The following is added as Section 6.1.27 of the Loan Agreement:

“**Board Observer.** The Borrower shall provide the Lender with the right, but not the obligation, to designate one individual to serve as a non-voting Board observer who will: (i) receive notice of all Board meetings, (ii) receive copies of all materials distributed to the Board, and (iii) be invited to attend all Board meetings.”

2.1.15 The following is added as Section 6.1.28 of the Loan Agreement:

“**Board Nominee.** The Borrower shall provide the Lender with the right, but not the obligation, to designate one individual (a “**Lender Nominee**”) to be nominated, approved and to serve as a director of the Borrower. In connection with the foregoing:

6.1.28.1 The Borrower shall promptly take all steps as may be necessary to appoint, within 10 Business Days of such person’s nomination, the Lender Nominee to serve on the Board until the next meeting of the Borrower’s shareholders.

6.1.28.2 Any Lender Nominee shall at the time of election or appointment to the Board for the first time meet the qualification requirements to serve as a director under the rules of the TSXV and shall be eligible under the *Business Corporations Act (Canada)* to serve as a director (collectively, the “**Director Eligibility Criteria**”).

6.1.28.3 The Borrower shall cause each Lender Nominee to be included in the slate of nominees proposed by the Board to its shareholders for approval as directors at each meeting of the Borrower’s shareholders where directors are to be elected.

6.1.28.4 The Borrower shall use all reasonable efforts to cause the election of each Lender Nominee, including soliciting proxies in favour of the election of each Lender Nominee.

6.1.28.5 The Borrower shall notify Lender in writing immediately upon determining the date of any meeting of either shareholders or directors wherein directors are to be elected or appointed.

6.1.28.6 Lender shall advise the Borrower of the identity of its Lender Nominee at least 15 Business Days prior to the date on which proxy solicitation materials are to be mailed by the Borrower (as advised by the Borrower to Lender at least 25 Business Days prior to such date) for purposes of any meeting of Shareholders at which directors are to be elected. If Lender does not advise the Borrower of the identity of any Lender Nominee prior to such deadline, then Lender will be deemed to have elected not to have a Lender Nominee at that time.

6.1.28.7 If any Lender Nominee ceases to hold office as a director of the Borrower for any reason (including death, disability, resignation or removal by Lender), Lender shall be entitled but not obligated, to nominate an individual (so long as such individual satisfies the Director Eligibility Criteria) to replace him or her and the Borrower shall promptly take all steps as may be necessary to appoint, within 10 Business Days of such nomination, such individual to the Board to replace the Lender Nominee who has ceased to hold office. Any such succeeding individual shall thereafter be a Lender Nominee.”

2.1.16 The following is added as Section 6.1.29 of the Loan Agreement:

“Factoring of Receivables.

6.1.29.1 The Borrower shall seek to have each account debtor of its goods and services become an Approved Account Debtor (as such term is defined in the Factoring Agreement) pursuant to the terms of the Factoring Agreement.

6.1.29.2 All invoices from the Borrower to Ontario Cannabis Retail Corporation and any other Approved Account Debtor (as such term is defined in the Factoring Agreement) shall, at Trichome’s sole and absolutely discretion, be factored pursuant to the terms of the Factoring Agreement.”

2.1.17 The following is added as Section 6.1.30 of the Loan Agreement:

“Offering. At the Lender’s request, in its sole and absolute discretion, the Borrower shall complete a rights offering, Lind Offering or an Alumina Offering in an amount requested by the Lender.”

2.1.18 The following is added as Section 6.1.30 of the Loan Agreement:

“Second Amendment Fee. By April 17, 2020, the Borrower shall pay fee to the Lender in the amount of \$40,000.”

2.1.19 Section 6.3.3 of the Loan Agreement is hereby amended as follows:

2.1.19.1 After the phrase “guarantee any indebtedness” the following phrase is added “(including, but not limited to any royalty agreement, offtake agreement and any obligations arising under and conditional sale or other retention agreement)”

2.1.19.2 Deleting paragraph (v) in its entirety and replacing it with the following “indebtedness incurred by the Borrower in connection with any royalty arrangement, offtake agreement or subordinated debt, in each case, permitted by the Lender, in its sole discretion”

- 2.1.20 The following is added as Section 6.3.23 of the Loan Agreement:
- “**Board and Management Compensation.** Increase any fees or comparable payment of any member of management or director of any Obligor.”
- 2.1.21 Section 8.3.8 of the Loan Agreement is hereby amended by deleting this Section in its entirety.
- 2.1.22 Section 8.3.9 of the Loan Agreement is hereby amended by deleting the following phrase in the first and fourth line of this Section “and the Tranche 2 Date Warrants”.
- 2.1.23 Section 9.2.1 of the Loan Agreement is hereby amended by deleting “2%” and replacing it with “5%”.
- 2.1.24 Section 10.1 of the Loan Agreement is hereby amended by deleting the phrase “provided that such Person is not a Competitive Business and provided that such restriction shall not apply during an Event of Default that is continuing”

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations. Each Obligor represents and warrants to the Lender that, as of the date hereof (after giving effect to this Amendment):

- (a) this Amendment has been duly authorized, executed and delivered by each Obligor;
 - (b) this Amendment constitutes a legal, valid and binding obligation of each Obligor, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other Applicable Laws affecting creditors’ rights generally and to general principles of equity, regardless of whether considered in a proceeding in equity or at law;
 - (c) the representations and warranties set forth in the Loan Agreement and the other Loan Documents are true and correct in all respects on and as of the date hereof as though made on and as of such date, unless stated to be made as of a specified date;
- 3.1.2 there is no Proceeding against or involving it, nor, to the knowledge of the Borrower, has any such Proceeding been threatened (in writing) against any Obligor, and, to the knowledge of the Borrower, no event has occurred which might give rise to any such Proceedings and there is no judgment or order of any court or Governmental Body outstanding against.
- (a) no Default or Event of Default has occurred and is continuing; and
 - (b) no Material Adverse Effect has occurred.

ARTICLE 4 CONDITIONS PRECEDENT

Conditions Precedent. This Amendment shall become effective on the date (upon which the following conditions precedent are satisfied (which conditions are for the sole and exclusive benefit of the Lender and may be waived by the Lender):

- (a) the Lender shall have received a copy of this Amendment duly executed by all parties hereto;
- (b) the Lender shall have received an officer's certificate of the Borrower with certified copies of articles, bylaws and authorizing resolutions for the Borrower and certifying such other factual matters as the Lender may require; and
- (c) the Lender shall have received a certified, true copy of the master cannabis supply agreement between Ontario Cannabis Retail Corporation and the Borrower, in form and substance satisfactory to the Lender.

ARTICLE 5 MISCELLANEOUS

Section 5.1 Waivers. The parties agree that the Lender is entitled in its sole and absolute discretion (and shall in no circumstance be obligated) to accept and grant waivers and extensions to any Event of Default and in relation to any other event of default howsoever described in relation to any other indebtedness.

Section 5.2 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 5.3 Benefits. This Amendment is binding upon and will inure to the benefit of the Parties and their respective permitted successors and assigns.

Section 5.4 Conflicts. If, after the date of this Amendment, any provision of this Amendment is inconsistent with any provision of the Loan Agreement, the relevant provision of this Amendment shall prevail.

Section 5.5 Loan Document. This Amendment constitutes a Loan Document for all purposes under the Loan Agreement.

Section 5.6 Counterparts. This Amendment may be executed in any number of counterparts and delivered by facsimile or PDF via email, each of which will be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

- signature page follows -

BORROWER:

JAMES E. WAGNER CULTIVATION CORPORATION

By: 
Name:
Title:

GUARANTORS:

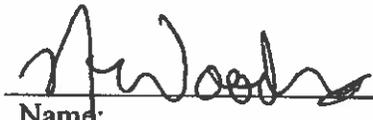
JAMES E. WAGNER CULTIVATION LTD.

By: 
Name:
Title:

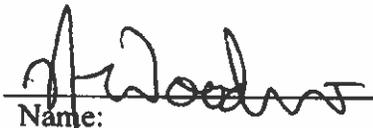
JWC 1 LTD.

By: 
Name:
Title:

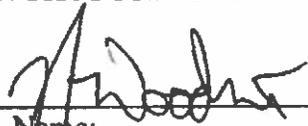
JWC 2 LTD.

By: 
Name:
Title:

JWC SUPPLY LTD.

By: 
Name:
Title:

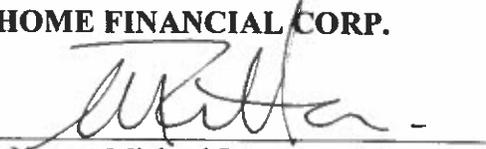
GROWTHSTORM INC.

By:  _____
Name:
Title:

LENDER:

TRICHOME FINANCIAL CORP.

By:


Name: Michael Ruscetta
Title: Chief Financial Officer

This is Exhibit.....**"I"**.....*referred to in the*

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

sworn before me, this..... 31st.....

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

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

RECEIVABLES PURCHASE AGREEMENT

RECEIVABLES PURCHASE AGREEMENT (as it may be amended, modified or supplemented from time to time, this "Agreement") is made as of October 23, 2019 (the "Effective Date"), between James E. Wagner Cultivation Corporation, a corporation incorporated under the laws of Ontario, in its capacity as seller hereunder ("Seller") and Trichome Financial Corp. ("Purchaser"); James E. Wagner Cultivation Ltd., a corporation formed under the laws of the Province of Ontario ("JWCL"), JWC 1 Ltd., a corporation formed under the laws of the Province of Ontario ("JWC 1"), JWC 2 Ltd., a corporation formed under the laws of the Province of Ontario ("JCW 2"), JWC Supply Ltd., a corporation formed under the laws of the Province of Ontario ("JWC Supply"), and GrowthStorm Inc., a corporation formed under the laws of the Province of Ontario ("GrowthStorm"), as guarantors.

RECITALS

WHEREAS, the Seller is a supplier of goods or services to certain account debtors identified or described on Schedule 1 hereto (each an "Approved Account Debtor" and, collectively, the "Approved Account Debtors") and is, or at the time of sale hereunder will be, the legal and beneficial owner of Receivables (as hereinafter defined) payable by each such Approved Account Debtor to the Seller; and

WHEREAS, the Seller desires to sell certain Receivables to the Purchaser, and the Purchaser may be willing to purchase from the Seller such Receivables, in which case the terms set forth herein shall apply to such purchase and sale.

WHEREAS, the Seller desires to appoint the Purchaser to service and collect all of its Receivables from Approved Account Debtors (including those Receivables that are not Purchased Receivables) and the Purchaser desires to accept such appointment.

THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **DEFINITIONS.** Certain capitalized terms used in this Agreement shall have the meanings given to those terms in Exhibit A attached hereto and thereby incorporated herein.

2. SALE AND PURCHASE.

- (a) **Sale.** Commencing on the Effective Date and ending on the Purchase Termination Date, the Seller may from time to time make an offer to sell to the Purchaser certain Proposed Receivables by submitting to the Purchaser a Purchase Request, and the Purchaser, in its sole discretion, may accept such offer and purchase from the Seller the Proposed Receivables identified in such Purchase Request subject to the terms and conditions of this Agreement. If the Purchaser accepts such Purchase Request in its sole discretion, then, upon the payment to the Seller (or to such other party as directed by the Seller) of the Advance (as set forth in paragraph (b)(ii) below) in respect of such Proposed Receivables, the Purchaser thereby purchases and the Seller thereby sells all of the Seller's right, title and interest (but none of the Retained Obligations of the Seller) with respect to such Proposed Receivables as of such Purchase Date (all such Proposed Receivables, once sold and purchased hereunder, being referred to, collectively, as the "Purchased Receivables").
- (b) **Purchase Price.** The purchase price (the "Purchase Price") for any Purchased Receivable purchased on any Purchase Date shall be equal to Gross Invoice Amount of the Purchased Receivable minus the Factoring Fee for such Purchased Receivable. The final Purchase Price for any Purchased Receivable shall be determined on the Collection Date or Repurchase Date, as applicable. For the purposes of this Agreement:

- (i) "Collection Date" for any Purchased Receivable, means the date that the Gross Invoice Amount of such Purchased Receivable is paid to Purchaser in full.
 - (ii) "Advance" means an amount equal to 80% of the Gross Invoice Amount of the Purchased Receivable.
 - (iii) "Factoring Fee Rate" means 0.000583.
 - (iv) "Factoring Fee" means a fee calculated on the Gross Invoice Amount of a Purchased Receivable by multiplying such Gross Invoice Amount by the Factoring Fee Rate and by the number of days from and including the Purchase Date to but excluding the Collection Date or Repurchase Date, as applicable.
 - (v) "Gross Invoice Amount" of a Purchased Receivable means the amount shown on the original invoice for the Purchased Receivable including any taxes as the total amount payable by the applicable Approved Account Debtor, which amount shall be net of any discounts, credits, Dilutions, fees payable to the applicable Approved Account Debtor, or any other allowances or deductions identified with specificity on such original invoice.
 - (vi) "Remaining Purchase Price" in respect of a Purchased Receivable means the Purchase Price for such Purchased Receivable less the Advance that has been paid to the Seller by Purchaser in respect of such Purchased Receivable.
- (c) Payment. On the Purchase Date of a Purchased Receivable, Purchaser shall pay to the Seller the Advance in respect of such Purchased Receivable. Within one Business Day of the Collection Date for a Purchased Receivable, Purchaser will pay the Remaining Purchase Price of such Purchased Receivable to the Seller. The Seller hereby irrevocably directs that the Remaining Purchase Price be paid as follows: (i) first to pay to Purchaser the Remaining Repurchase Price outstanding in respect of any Repurchased Receivables, second to any other amounts owing to Purchaser hereunder, and (ii) the remainder, if any, to the Seller. The Seller agrees that the making of such payments shall constitute payment to the Seller of the Remaining Purchase Price.
- (d) Uncommitted Arrangement. THIS AGREEMENT DOES NOT CONSTITUTE A COMMITMENT, OBLIGATION OR OTHER UNDERTAKING OF PURCHASER TO PURCHASE ANY RECEIVABLES FROM SELLER OR OTHERWISE EXTEND CREDIT OR PROVIDE ANY FINANCIAL ACCOMMODATION TO SELLER.
- (e) Term. This Agreement commences on the Effective Date and shall continue in effect until the date which is thirty (30) days following the date which either the Seller or the Purchaser delivers written notice to the other Party of its intent to terminate this Agreement, provided that (i) the Purchaser shall have the right to terminate this Agreement at any time upon five (5) days' prior written notice to the Seller in the event that the Purchaser is legally prohibited under any law, rule or regulation applicable to the Purchaser (x) from being a party to this Agreement or (y) from consummating the transactions contemplated hereunder; and (ii) this Agreement shall be deemed to have terminated automatically, with no notice by the Purchaser to the Seller upon the occurrence of a Termination Event. Any such termination shall not affect the rights and obligations of the Parties with respect to Purchased Receivables sold hereunder prior to the Purchase Termination Date or that are expressed in this Agreement to survive termination hereof.

3. CONDITIONS PRECEDENT

- (a) Conditions Precedent to Effectiveness. This Agreement will not be effective until each of the following conditions precedent has been satisfied to the satisfaction of Purchaser, acting reasonably, or waived by Purchaser, in its sole discretion:
- (i) Purchaser shall have received each of the following, in form and substance satisfactory to Purchaser acting reasonably:

- (A) a certificate of an officer of the Seller and each Guarantor, certifying the names and true signatures of the incumbent officers authorized on behalf of the Seller and each Guarantor to execute and deliver this Agreement and any other documents to be executed or delivered by the Seller or such Guarantor hereunder, together with the Seller's and each Guarantor's Organizational Documents and its board resolutions, evidencing necessary organizational action and governmental approvals, if any, necessary for the Seller or such Guarantor to execute, deliver and perform its obligations under this Agreement and the Security Documents;
 - (B) a certificate of an officer of the Seller identifying each person permitted to execute documents on behalf of the Seller relating to the offer, purchase, sale, collection, servicing of Proposed Receivables;
 - (C) certified inquiry response report under the PPSA demonstrating no registered Liens or other adverse claims affecting the Collateral, other than Permitted Liens;
 - (D) the Security Documents;
 - (E) verification statements of registered PPSA financing statements identifying the Seller and each Guarantor as "debtor" and Purchaser as "secured party", duly filed in all applicable relevant jurisdictions;
 - (F) a good standing certificate (or equivalent) for the Seller and each Guarantor;
 - (G) a favorable opinion of external counsel to the Seller and Guarantors;
- (b) Conditions Precedent. Without limiting the Purchaser's right to decline to purchase any Proposed Receivable in its sole discretion, no Proposed Receivable shall be purchased by the Purchaser until satisfaction of the following conditions on or prior to any proposed Purchase Date, all to the satisfaction of the Purchaser:
- (i) the Purchaser shall have received (A) a Purchase Request with respect to the Proposed Receivables, (B) all invoice(s) and/or the information related to such invoices issued to the Approved Account Debtor that is an obligor on any such Proposed Receivables and related to the Contracts for such Proposed Receivables, which such invoices and/or information related to such invoices shall be true and accurate and not omit any facts, and (C) such additional supporting documentation that the Purchaser may have reasonably requested;
 - (ii) the Seller shall have made the representations and warranties by the Seller contained in this Agreement;
 - (iii) the Seller shall be in compliance with each term, covenant and other provision of this Agreement applicable to the Seller;
 - (iv) no Event of Repurchase shall then exist;
 - (v) following the sale and purchase of the Proposed Receivables set forth in the related Purchase Request:
 - (A) the Outstanding Aggregate Purchase Amount for all Purchased Receivables shall not exceed the Facility Amount;

- (B) the Outstanding Approved Account Debtor Purchase Amount with respect to the Purchased Receivables (including such Proposed Receivables) payable by any Approved Account Debtor shall not exceed any sublimit established by the Purchaser from time to time in its sole discretion, including any sublimit limit for such Approved Account Debtor specified in Schedule 1 to this Agreement; and
- (C) the Purchased Receivables (including such Proposed Receivables) or any category or type of Purchased Receivable (including any such Proposed Receivables within any such category or type) shall not exceed any other limit set by the Purchaser from time to time in its sole discretion applicable to the Purchased Receivables or such category or type of Purchased Receivable as defined by the Purchaser from time to time in its sole discretion;
- (vi) no Approved Account Debtor Insolvency Event shall have occurred with respect to any Approved Account Debtor obligated on the Proposed Receivables described in such Purchase Request, and no Insolvency Event with respect to the Seller or any Guarantor shall have occurred;
- (vii) no License Impairment shall have occurred and be continuing;
- (viii) the Seller shall have prepared, signed and delivered to the Purchaser, a notice of direction to the Approved Account Debtor directing such Approved Account Debtor to remit payment for all invoices from the Seller to the Collection Account, which direction the Purchaser shall deliver to the Approved Account Debtor;
- (ix) the Purchaser shall have received payment of all fees and other amounts due under this Agreement; and

4. SELLER REPRESENTATIONS AND WARRANTIES.

The Seller represents and warrants to the Purchaser on the date hereof and on each Purchase Date and in respect of all Proposed Receivables that are purchased by the Purchaser hereunder, thereby becoming Purchased Receivables, that the representations and warranties set forth below are true and correct:

(a) Proposed Receivables.

- (i) The information contained in each Purchase Request together with other information submitted to the Purchaser in connection with such Purchase Request in respect of each Proposed Receivable is a true and correct list of the Approved Account Debtor's name, the purchase order numbers, the invoice numbers, the Gross Invoice Amount due in respect thereof and the Invoice Due Date, in each case, for each Proposed Receivable. All information contained in or submitted in connection with each Purchase Request is accurate in all respects. Each invoice and/or the information in respect of such invoice submitted by the Seller is accurate in all material respects as of its date, and does not and will not omit to state a fact necessary in order to make the information contained therein, in light of the circumstances under which they were made, not misleading. The Purchaser has received true and correct copies of all the relevant documentation relating to each of the Proposed Receivables requested by the Purchaser. None of the Proposed Receivables are currently evidenced by "chattel paper" or "instruments" or "money" (as each such term is defined in Section 1 of the PPSA) or by "bill" or "note" or "cheque" (as each such term is defined in the *Bills of Exchange Act (Canada)*) unless specifically approved by the Purchaser and all such cheques, notes, bills and other instruments shall be physically delivered by the Seller to the Purchaser duly endorsed in favour of the Purchaser. Each of the Proposed Receivables is in full force and effect and is the valid and binding obligation of the applicable Approved Account Debtor, enforceable in accordance with its terms, and constitutes the

applicable Approved Account Debtor's legal, valid and binding obligation to pay to the Seller the amount of the Purchased Receivables, subject, as to enforcement of such Approved Account Debtor's payment obligation, to bankruptcy, insolvency, reorganization, arrangement, moratorium and other laws of general applicability relating to or affecting creditors' rights. Neither the Seller nor any Approved Account Debtor is in default in the performance of any of the provisions of the documentation applicable to its transactions relating to any Proposed Receivables, including any of the Contracts relating to such Proposed Receivables. Each Proposed Receivable and the Contract and sale terms related thereto are not subject to any defense or Dispute, whether arising out of the transactions contemplated by this Agreement or independently thereof. The Seller has delivered to the Approved Account Debtor all goods and other property or performed all services required to be so delivered or performed by the terms of the documentation giving rise to the Proposed Receivables. The payments due with respect to each Proposed Receivable are not contingent upon the Seller's fulfillment of any further obligation.

- (ii) Each Proposed Receivable that is the subject of a Purchase Request is an Eligible Receivable and a bona fide payment obligation of the applicable Approved Account Debtor identified in the applicable invoice and is due on the Invoice Due Date for such Proposed Receivable. No actual or pending Dispute or default or event of default with respect to any Proposed Receivable exists. The amount owed under each Proposed Receivable is free of allowances, side agreements and Dilution. All invoices relating to each Proposed Receivable arising out of the sale of goods or the provision of services have been accepted by the applicable Approved Account Debtor.
- (iii) Each Proposed Receivable (A) arises under a Contract between the Seller and the applicable Approved Account Debtor, (B) does not require the applicable Approved Account Debtor or any other Person to consent to the transfer, sale or assignment of the Seller's rights to payment under such agreement and (C) does not contain a confidentiality provision that purports to restrict the ability of the Purchaser to exercise its rights under this Agreement, including without limitation, its right to review such Contract.
- (iv) Seller is the legal and beneficial owner of each Proposed Receivable free and clear of any lien, encumbrance or security interest, except for Permitted Liens and upon each purchase of a Proposed Receivable, the Purchaser shall acquire valid ownership of each such Purchased Receivable and the Collections with respect thereto prior to the right, title and interests of all other Persons, and free and clear of any lien, encumbrance or security interest.
- (v) The Seller is not, nor will be, on each Purchase Date, subject to any Insolvency Event, nor insolvent within the meaning of the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada), the *Assignments and Preferences Act* (Ontario), the *Fraudulent Conveyances Act* (Ontario) or comparable legislation of any other relevant jurisdiction as the same may be amended, restated or replaced from time to time (collectively, the "Insolvency Statutes") and the Seller will not be rendered insolvent (within the meaning of any Insolvency Statute) by entering into this Agreement and performing its obligations hereunder, and the Seller will not be insolvent immediately after the completion of each sale to the Purchaser of the Purchased Receivables. The Seller has not entered into this Agreement with the intention of defeating, hindering, delaying or defrauding creditors or others of their claims against the Seller, nor preferring any creditor over any other creditor, nor for any other purpose relating in any way to the claims of creditors or others against the Seller.

- (b) Seller: Approved Account Debtor(s).
- (i) The Seller is a corporation duly incorporated, validly existing and in good standing under the laws of Ontario and is duly qualified to do business, and is in good standing, in every jurisdiction where the nature of its business requires it to be so qualified. The Seller is not subject to any Insolvency Event. The Seller is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).
- (ii) (a) Each Approved Account Debtor on any Proposed Receivable is not subject to any Approved Account Debtor Insolvency Event at the time of the Purchase Request relating thereto, and (b) each Approved Account Debtor on any Purchased Receivable is not subject to an Approved Account Debtor Insolvency Event on the Purchase Date of such Purchased Receivable.
- (c) No Conflict, etc. The execution, delivery and performance by the Seller of this Agreement, each Purchase Request and each other document to be delivered by the Seller hereunder, (i) are within the Seller's corporate or other organizational powers, (ii) have been duly authorized by all necessary corporate or other organizational action, and (iii) do not contravene (A) the Seller's Organizational Documents, (B) any law, rule or regulation applicable to the Seller, (C) any contractual restriction binding on or affecting the Seller or the Proposed Receivables, or (D) any order, writ, judgment, award, injunction or decree binding on or affecting the Seller or the Proposed Receivables. The Agreement has been duly executed and delivered by the Seller. The Seller has furnished to the Purchaser a true, correct and complete copy of its Organizational Documents including all amendments thereto.
- (d) Authorizations; Filings. No authorization or approval or other action by, and no notice to or filing with, any governmental entity is required for the due execution, delivery and performance by the Seller of this Agreement or any other document to be delivered thereunder except for the filing of any PPSA financing statements (or comparable registration or filing in the relevant jurisdiction) as may be necessary to perfect the sale of Purchased Receivables to the Purchaser pursuant to this Agreement or the security interests granted under the Security Documents. No PPSA financing statement (or comparable registration or filing in the relevant jurisdiction) or other instrument similar in effect covering any Purchased Receivable is on file in any filing or recorded in any recording office or system, except those filed in favor of the Purchaser relating to this Agreement or in relation to Permitted Liens, and no competing notice of assignment or payment instruction or other notice inconsistent with the transactions contemplated in this Agreement is in effect with respect to any Approved Account Debtor.
- (e) Enforceability. This Agreement constitutes the legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, except as limited by bankruptcy, insolvency, moratorium, fraudulent conveyance or other laws (including, without limitation, the Insolvency Statutes) relating to the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforcement is sought at equity or law).
- (f) Litigation Matters. There is no pending (or, to its knowledge, threatened in writing) action, proceeding, investigation or injunction, writ or restraining order affecting the Seller or any of its Affiliates before any court, governmental entity or arbitrator which could reasonably be expected to result in a Material Adverse Change, and the Seller is not currently the subject of, nor has any present intention of taking any action to commence, an Insolvency Event applicable to the Seller.
- (g) Material Adverse Change. There exists no event which has had, or is reasonably likely to result in, a Material Adverse Change.

(h) Money Laundering and Anti-Terrorism Laws and Sanctions Laws; Etc.

- (i) All required licences, permits and authorizations applicable to goods and services of relevance to each Purchased Receivable have been obtained and are in good standing and the Seller is in compliance with the terms of such licenses and permits and with foreign and domestic laws and regulations pertaining to each jurisdiction in which it operates and to each such Purchased Receivable;
- (ii) Neither (a) the Seller nor any of its subsidiaries, directors, officers, employees, agents or Affiliates is an individual or entity nor, (b) to the knowledge of the Seller (after having made and conducted all appropriate inquiries and due diligence), any Approved Account Debtor: (A) that is, or is owned or controlled by, a Sanctioned Person; (B) that is located, incorporated, organized, or resident in a Sanctioned Country; (C) that has any business affiliation or commercial dealings with, or investments in, any Sanctioned Country or Sanctioned Person; or (D) that is in breach of or is the subject of any action or investigation under any Sanctions Laws; and
- (iii) The Seller and its Affiliates, and to the knowledge of the Seller (after having made and conducted all appropriate inquiries and due diligence), each Approved Account Debtor and each Affiliate of such Approved Account Debtor (A) are in compliance with Sanction Laws, Anti-Money Laundering Laws and Anti-Corruption Laws and all other applicable laws relating to anti-money laundering, and corruption of public officials, and other federal, state, or provincial laws relating to “know your customer” and anti-money laundering rules and regulations, and (B) have taken appropriate steps to implement policies and procedures reasonably designed to provide that there will be no payments to any government official or employee, or politically sensitive person, political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage in violation of any Anti-Corruption Laws.

- (i) Health Canada Compliance. The Seller and Guarantors, and the operation of their business, have been and are being conducted in compliance with Cannabis Laws and the Health Canada Licenses, and none of the Seller, any Guarantor or any of their respective directors, officers and employees have taken any action or failed to take any action, and no state of affairs exist, in each case which could reasonably be expected to result in any charge or sanction under any Cannabis Law or result in any License Impairment. The Seller and Guarantors have complied with all record-keeping requirements under applicable law, and as instructed or established by Health Canada or other applicable government bodies, with respect to the operation of its business. The Seller and Guarantors have submitted to Health Canada or other applicable governmental bodies in a timely manner all required notices and reports with respect to its products (including adverse reaction reports and summary reports) in compliance with applicable law and guidelines of Health Canada or the applicable governmental body. All material written correspondence or written notices received from or provided to Health Canada or any other applicable governmental body, in relation to the Health Canada Licenses or the operation of the Seller’s business, have been provided to or made available to Purchaser. The Seller and Guarantors have implemented security practices and procedures with respect to all locations owned or operated by them consistent with good industry practice and in accordance with applicable laws (including for certainty Cannabis Laws) and the requirements of the Health Canada Licenses.
- (j) U.S. Cannabis. The Seller does not have any direct, indirect or ancillary interest in any “marijuana-related activity” in the United States as defined in Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana Activities* of the Canadian Securities Administrators.

5. SELLER COVENANTS.

Until the later of the Purchase Termination Date and the date that all amounts owing to the Purchaser under all Purchased Receivables have been paid in full in cash to the Purchaser, the Seller agrees to perform (or cause to be performed) the covenants set forth below:

- (a) Notice of Disputes, Breaches of Contract, Approved Account Debtor Insolvency Events, Etc. The Seller shall immediately deliver a reasonably detailed written notice to the Purchaser of (i) any Dispute asserted or threatened in respect of a Purchased Receivable, (ii) any breach by the applicable Approved Account Debtor of the Contract which might give rise to such Approved Account Debtor failing to pay any invoice amount or give rise to any Dispute, (iii) any Approved Account Debtor Insolvency Event occurring or reasonably being likely to occur, (iv) it becoming illegal for an Approved Account Debtor to pay all or any part of the invoice amount because of the imposition of any prohibition or restriction on such payments, or (v) any Approved Account Debtor returning any product for refund, credit or other compensation from the Seller or any Guarantor.
- (b) Contracts; Purchased Receivables. The Seller, at its expense, shall timely and fully perform in all material respects with all terms, covenants and other provisions required to be performed by it under the Contracts related to the Purchased Receivables, and the Seller, at its expense, shall compel the applicable Approved Account Debtor to timely and fully perform in all material respects with all terms, covenants and provisions required to be performed by such Approved Account Debtor under the Contracts related to the Purchased Receivables. The Seller, at its expense, shall, and shall compel the applicable Approved Account Debtor to, keep each Purchased Receivable in full force and effect as a valid and binding obligation of such Person, enforceable in accordance with its terms, subject, as to enforcement of such Approved Account Debtor's payment obligation, to bankruptcy, insolvency, reorganization, arrangement, moratorium and other laws of general applicability relating to or affecting creditors' rights.
- (c) Existence. The Seller will (i) comply in all material respects with all applicable laws, rules, regulations and orders and (ii) preserve and maintain its organizational existence, rights, franchises, qualifications, and privileges, including all Health Canada Licences. The Seller will keep its jurisdiction of organization and the location of its chief executive office as the Province of Ontario and principal place of business and chief executive office and the office where it keeps its records concerning the Purchased Receivables at the address set forth in Section 12 hereof or, in each case, upon ten (10) Business Days' prior written notice to the Purchaser, at any other locations in jurisdictions where all actions reasonably requested by the Purchaser or otherwise necessary to protect, perfect and maintain the Purchaser's interest in the Purchased Receivables have been taken and completed.
- (d) Books and Records. The Seller will maintain accurate books and accounts with respect to the Purchased Receivables and shall make a notation on its books and records, including any computer files, to indicate which Receivables have been sold to the Purchaser and constitute Purchased Receivables. The Seller shall maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Purchased Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for collecting all Purchased Receivables (including, without limitation, records adequate to permit the daily identification of each Purchased Receivable).
- (e) Sales, Liens and Debt. The Seller will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any lien, encumbrance or security interest upon or with respect to, the Purchased Receivables, or assign any right to receive income in respect thereof except the interests in favor of Purchaser. The Seller and Guarantors shall not incur any indebtedness for borrowed money, or in relation to the factoring, sale or other financing of their receivables or purchase orders, except for obligations under and/or permitted by this Agreement and/or the Loan Agreement.
- (f) Extension or Amendment of Purchased Receivables. The Seller will not amend or extend the payment terms under any Purchased Receivables, unless approved in advance in writing by the Purchaser, and shall not otherwise waive or permit or agree to any deviation from the terms or conditions of any Purchased Receivable without the prior written consent of the Purchaser.

- (g) Audits and Visits. The Seller will, at any time and from time to time during regular business hours on any Business Day from time to time as requested by the Purchaser, permit the Purchaser, or its agents or representatives, upon reasonable notice, (i) on a confidential basis, to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in its possession or under its control relating to Receivables owed by Approved Account Debtors including, without limitation, the related Contracts, and (ii) to visit its offices and properties for the purpose of examining and auditing such materials described in clause (i) above, and to discuss matters relating to Receivables owed by any Approved Account Debtor or the Seller's performance hereunder or under the related Contracts with any of its officers or employees having knowledge of such matters (an "Audit"), provided that, unless a breach or default of the Seller's or Servicer's obligations hereunder occurs and is continuing, only one such Audit in any calendar year shall be permitted and such Audit at the Seller's expense.
- (h) Accounting Treatment. The Seller will make all disclosures required by applicable law or regulation with respect to the sale of the Proposed Receivables to the Purchaser and account for such sale in accordance with Generally Accepted Accounting Principles, as applicable, then in effect.
- (i) Reporting Requirements. Within 120 days of the end of each fiscal year of the Seller, and within 60 days of the end of each fiscal quarter of the Seller, the Seller will provide to the Purchaser audited annual and unaudited quarterly financial statements, respectively, presenting fairly, in all material respects, the financial position and results of operations and cash flows of the Seller and its subsidiaries taken as a whole as of such date and for such fiscal year in accordance with Generally Accepted Accounting Principles, then in effect, provided that the publication of such financial statements on Sedar shall be deemed to constitute such delivery. Additionally, the Seller shall furnish the Purchaser the following:
- (i) such data, reports and information relating to the Purchased Receivables of each Approved Account Debtor reasonably requested by the Purchaser from time to time (including, without limitation, proof reasonably satisfactory to the Purchaser that the Seller has delivered to the applicable Approved Account Debtor all goods and other property or performed all services required to be so delivered or performed by the terms of the Contract giving rise to the Purchased Receivables); and
 - (ii) as soon as possible and in any event within three (3) Business Days after becoming aware of the occurrence thereof, any matter that could reasonably be expected to result in a Material Adverse Change;
- (j) Further Assurances. The Seller will, at its expense, promptly execute and deliver or cause to be executed or delivered all further instruments and documents, and take all further action that the Purchaser may reasonably request, from time to time, in order to perfect, protect or more fully evidence the sale of full and complete ownership of the Purchased Receivables to the Purchaser, and/or to enable the Purchaser to exercise or enforce the rights of the Purchaser hereunder or under the Purchased Receivables.
- (k) Taxes. The Seller will pay any and all taxes (excluding the Purchaser's income, gross receipts, franchise, capital, sales and harmonized sales tax, goods and services tax, doing business or similar taxes) relating to the transactions contemplated by this Agreement, including but not limited to the sale of each Purchased Receivable by the Seller to the Purchaser; except for those taxes that the Seller is contesting in good faith and for which adequate reserves have been taken. The Seller shall treat each sale of Purchased Receivables hereunder as a sale for federal and provincial income tax, reporting and accounting purposes.
- (l) Not Adversely Affect the Purchaser's Rights. The Seller will refrain from any act or omission which might in any way prejudice or limit the Purchaser's rights under any of the Purchased Receivables pursuant to this Agreement.

- (m) Money Laundering and Anti-Terrorism Laws, Use of Proceeds. The Seller shall, and shall cause each of the Seller's Affiliates to, continue to comply with all Sanctions Laws, Anti-Money Laundering Laws, Anti-Corruption Laws and all other laws applicable to or relating in any way to the Purchased Receivables and to promptly notify the Purchaser in writing (with explanation) of any actual or alleged violation thereof. The Seller will not, directly or indirectly, use any benefit derived from this Agreement to fund any activities or business of or which any Person, including an Approved Account Debtor, or in any country or territory, that is, or whose government is, the subject of Sanctions; or in any other manner that would result in a violation of Sanctions by any Person. The Seller shall promptly notify the Purchaser of any circumstance in connection with a Purchased Receivable that may relate to money laundering, terrorist financing, bribery, corruption, tax evasion or Sanctions.
- (n) Priority Claim Inquiries. Promptly upon request by Purchaser the Seller will (i) provide to Purchaser evidence of all filings and payments having been made in respect of potential priority payables, including but not limited to federal, provincial and municipal tax, payroll source deductions and WSIB ("Priority Payables"), and (ii) execute and deliver to Purchaser all forms and authorizations required in order to enable and permit Purchaser to make direct inquiries to any governmental body in respect of Priority Payables.
- (o) Compliance. The Seller and Guarantors shall comply in all material respects with the requirements of all Applicable Law (including for certainty Cannabis Laws and environmental law), all material contracts to which it is a party or by which it is bound and all material licenses, permits and authorizations (including for certainty the Health Canada Licenses);
- (p) Continued Support. Following any Termination Event and any termination of this Agreement, the Seller and Guarantors shall, until all amounts owing hereunder, or in respect of any Purchased Receivables, are paid, continue to operate their business in the ordinary course, including specifically where an Insolvency Event has occurred, the Seller and Guarantor shall unconditionally assist in any liquidation of inventory and collection of receivables as directed by Purchaser; this obligation will survive termination of this Agreement until all amounts owing hereunder, or in respect of any Purchased Receivables, are paid.
- (q) U.S. Cannabis. The Seller shall deliver to Purchaser, on March 31, June 30, September 31, and December 31 of each year, or, if such day is not a Business Day, then the last Business Day preceding each such date, a certificate of a senior officer of the Seller certifying that as of such date the Seller does not then have any "U.S. marijuana-related activity" as defined in Staff Notice 51-352 (Revised) — *Issuers with U.S. Marijuana Activities* of the Canadian Securities Administrators.

6. SERVICING; COLLECTION ACTIVITIES; ETC.

- (a) Servicing.
 - (i) Appointment of Servicer. The Seller appoints the Purchaser as its servicer and agent (in such capacity, the "Servicer") for the administration and servicing of all Receivables from Approved Account Debtors (whether or not such Receivables are Purchased Receivables), and the Purchaser hereby accepts such appointment and agrees to assume the duties and the administration and servicing obligations as Servicer, and perform all necessary and appropriate commercial collection activities in arranging the timely payment of amounts due and owing by each Approved Account Debtor all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, including, without limitation, diligently and faithfully performing all servicing and collection actions (including, if necessary, acting as party of record in foreign jurisdictions). Such appointment of Servicer shall not release the Seller from any of its other duties to comply with any other terms, covenants and provisions of this Agreement. Notwithstanding the appointment of Servicer to perform such servicing obligations, Seller will continue to perform its obligations and exercise its rights under the contracts and other agreements between the Seller and the Approved Account Debtor related to the Purchased

Receivables (the “Contracts”), other than collection thereof. The Servicer shall perform the obligations of Servicer hereunder with respect to the Receivables from Approved Account Debtors without compensation (other than in respect of its collection of its Purchased Receivables as set forth herein).

- (ii) Appointment Irrevocable. The appointment of Purchaser as Servicer hereunder by Seller shall be irrevocable until the earlier of (i) written notice by Purchaser to Seller of its election to cease to act as Servicer, and (ii) the Settlement Date of the last outstanding Purchased Receivable following the Purchase Termination Date.
- (iii) Remittance. Upon collection thereof, provided no Event of Repurchase exists, Servicer shall promptly remit to Seller the collected amount in respect of any Receivable that is not a Purchased Receivable.

(b) Collections.

- (i) Establishment of Account(s). Purchaser has established the Collection Account, which shall be held and maintained to receive amounts owing under the Receivables.
- (ii) Collections. Seller covenants to promptly notify the Purchaser if any Collections are received by it from any Approved Account Debtor on account of any Receivables, and to take any and all actions necessary (including those requested by the Purchaser) to ensure that all such Collections are wired directly by the Seller to the Collection Account immediately following receipt thereof, without adjustment, setoff or deduction of any kind or nature.
- (iii) Communication with Approved Account Debtors. Seller agrees that Purchaser may contact Approved Account Debtors and exchange information with Approved Account Debtors including regarding any and all Receivables owing by such Approved Account Debtor, Contracts between the Seller and such Approved Account Debtor, and any goods and services provided to such Approved Account Debtor by the Seller, provided that all such communications and exchanges of information are for the purposes of facilitating collection of Receivables.
- (iv) Control of Collection Account. The Seller acknowledges and agrees that the Collection Account is an account of the Purchaser and shall at all times be under the sole control and direction of the Purchaser and that the Purchaser has the sole right without the consent of, or notice to, the Seller at any time and from time to time to set-off and debit the Collection Account and withdraw from the Collection Account any or all funds credited or deposited now or at any time hereafter to the Collection Account and to otherwise operate or deal with the Collection Account and any or all funds now or at any time hereafter credited or deposited to the Collection Account.
- (v) Receipt of Collections. No Collections shall be deemed received by the Purchaser for purposes of this Agreement until immediately available funds have been received by the Purchaser.
- (vi) Funds Held in Trust. Prior to being deposited in the Collection Account, any funds received by the Seller in respect of any Purchased Receivables shall be deemed to be the exclusive property of the Purchaser, and the Seller shall be deemed to be holding such funds in trust for the exclusive use and benefit of the Purchaser, and shall hold such funds separate and segregated from the Seller’s own assets. Seller shall not, directly or indirectly, utilize such funds for its own purposes, and shall not have any right to pledge such funds as collateral for any obligations of the Seller or any other Person.

- (c) Rights of the Purchaser; Notices to Approved Account Debtors. The Purchaser shall have all rights as holder and owner in respect of the Purchased Receivables, including the right to exercise any and all of its rights and remedies hereunder under applicable law (including the PPSA or comparable statute or applicable law of any other jurisdiction) or at equity. The Seller hereby grants a power of attorney to the Purchaser, coupled with an interest, to execute, endorse, complete and take such other actions as the Purchaser may consider necessary or desirable to protect or enforce the Purchaser's rights under this agreement and/or any Purchased Receivable.

7. REPURCHASE EVENTS; INDEMNITIES AND SET-OFF.

- (a) Repurchase Events. If any of the following events ("Event of Repurchase") occurs and is continuing with respect to any Purchased Receivable:
- (i) such Purchased Receivable is not paid by the Invoice Due Date;
 - (ii) such Purchased Receivable did not constitute, at the time of purchase, an Eligible Receivable; or
 - (iii) any representation or warranty by the Seller hereunder with respect to such Purchased Receivable is incorrect when made or deemed made and shall have an adverse effect on the ability to collect the Gross Invoice Amount of such Purchased Receivable; or
 - (iv) the Seller fails to perform or observe any term, covenant or provision with respect to such Purchased Receivable and such failure shall have an adverse effect on the ability to collect the Gross Invoice Amount of such Purchased Receivable or the Approved Account Debtor with respect to any Purchased Receivable fails to perform or observe any term covenant or provision in respect of the relevant Contract as a result of a breach by the Seller of any of the Retained Obligations; or
 - (v) the Approved Account Debtor on such Purchased Receivable asserts a Dispute with respect to such Purchased Receivable; or
 - (vi) the Seller deposits amounts received in respect of such Purchased Receivable to an account other than the Collection Account; or
 - (vii) any Approved Customer of a Purchased Receivable is subject to an Insolvency Event; or
 - (viii) the occurrence of a Termination Event; or
 - (ix) the occurrence of any License Impairment;

then, the Seller shall, within one (1) Business Day of demand therefor from Purchaser, repurchase all (or any portion) of such Purchased Receivable then outstanding (or, if such Purchased Receivable is subject to Dispute, the portion subject to the Dispute) and such Purchased Receivable shall become a "Repurchased Receivable". The date the repurchase of such Repurchased Receivable is repurchased is referred to as its "Repurchase Date". The repurchase price (the "Repurchase Price") for a Repurchased Receivable shall be the amount that is equal to (A) the Gross Invoice Amount relating to such Repurchased Receivable, minus (B) the aggregate amount of all Collections (if any) with respect to such Repurchased Receivables received by Purchaser before the Repurchase Date. The Repurchase Price for a Repurchased Receivable and all amounts due hereunder with respect to such Purchased Receivable shall be paid to Purchaser in immediately available funds on the Repurchase Date, provided that, if no other amounts are then due and owing to Purchaser hereunder (including without limitation the aggregate Repurchase Price for all other Repurchased Receivables, any Purchase Order Financing Obligations and any other amounts owing hereunder), then the Repurchase Price may be set off in part against the Remaining Purchase Price payable by Purchaser to the Seller in respect of such Repurchased Receivable, such that the amount payable in cash by the Seller to

Purchaser in respect of such Repurchase Price shall be the Repurchase Price minus the Remaining Purchase Price. Upon the payment in full of the Repurchase Price for a Repurchased Receivable and all amounts due hereunder with respect to such Repurchased Receivable, such Repurchased Receivable shall be considered repurchased by the Seller from Purchaser with no representations or warranties by Purchaser (all of which are hereby waived by the Seller) and without recourse to Purchaser. Upon repurchase by the Seller, the Seller shall have all right, title and interest in and to such repurchased Repurchased Receivables. The Seller agrees that Purchaser may set off in the manner set forth in Section 2(c) against any unpaid obligation of the Seller under this Section 9.

- (b) General Indemnification. The Seller hereby agrees to indemnify Purchaser (together with its officers, directors, agents, representatives, shareholders, counsel and employees, each, an "Indemnified Party") from and against any and all claims, losses and liabilities (including, without limitation, reasonable legal fees) (all of the foregoing being collectively referred to as "Indemnified Amounts") arising out of or resulting from any of the following: (i) any representation or warranty made or deemed made by the Seller (or any of its officers) under or in connection with this Agreement which shall have been incorrect in any material respect when made; (ii) the failure by the Seller to comply with any Applicable Law, rule or regulation with respect to any transaction contemplated hereunder; (iii) the failure to vest in Purchaser a perfected security interest (within the meaning of the PPSA) in the Collateral free and clear of any Liens of any kind or nature whatsoever (other than Permitted Liens); (iv) any Dispute or any other claim related to any Purchased Receivable, any Financed Purchase Order or any Supplier Purchase Order (or any portion thereof); (v) the commingling by the Seller of Collections at any time with other funds of the Seller or any other Person; the failure on the part of any Approved Customer to pay a Receivable. The foregoing indemnification shall not apply in respect of any claims, losses or liabilities to the extent resulting solely from the gross negligence or willful misconduct of an Indemnified Party as determined in a final non-appealable judgment by a court of competent jurisdiction.
- (c) Tax Indemnification. All payments on the Purchased Receivables from the Approved Account Debtors will be made free and clear of any present or future taxes, withholdings or other deductions whatsoever. The Seller will indemnify the Purchaser for any such taxes, withholdings or deductions as well as any stamp duty or any similar tax or duty on documents or the transfer of title to property arising in the context of this Agreement which has not been paid by the Seller. Further, the Seller shall pay, and indemnify and hold the Purchaser harmless from and against, any taxes that may at any time be asserted in respect of the Purchased Receivables hereunder (including any sales, occupational, excise, gross receipts, personal property, privilege or license taxes, or withholdings, goods and services tax, sales tax and other taxes, but not including taxes imposed upon the Purchaser with respect to its overall net income) and costs, expenses and reasonable counsel fees in defending against the same, whether arising by reason of the acts to be performed by the Seller hereunder or otherwise.
- (d) Set-Off. The Seller further agrees that, unless the Seller notifies the Purchaser in writing that it shall pay on the date when due any amounts due under this Section 7 or under Section 9 and the Seller makes such payment to the Purchaser in immediately available funds on the date that such payment is due, the Seller hereby irrevocably authorizes the Purchaser, without further notice to the Seller, to, at its option, set-off such amount against the Purchase Price of any Proposed Receivables to be purchased on or after such due date or against Collections made by the Purchaser in respect of any Receivable that is not a Purchased Receivable (but without prejudicing or diminishing the Purchaser's rights of recourse to the Seller if any such set-off is an insufficient remedy).
- (e) PPSA. The rights granted to the Purchaser hereunder are in addition to all other rights and remedies afforded to the Purchaser as a buyer under the PPSA, other comparable statute of any other jurisdiction or any other applicable law.

8. RETAINED OBLIGATIONS. The Purchaser shall have no (a) responsibility for, or have any liability with respect to, the performance of any Contract or (b) obligation to intervene in any commercial dispute arising out of the performance of any Contract. All obligations of the Seller under each Contract, including all performance obligations, representation and warranty obligations, all servicing obligations, all maintenance obligations, and all delivery, transport and insurance obligations, shall be retained by the Seller (the "Retained Obligations"). Neither any claim that the Seller may have against any Approved Account Debtor or any other Person, nor the failure of an Approved Account Debtor to fulfill its obligations under the applicable Contracts, shall affect the obligations of the Seller to perform its obligations and make payments hereunder, and none of such events or circumstances shall be used as a defense or as set-off, counterclaim or cross-complaint as against the performance or payment of any of the Seller's obligations hereunder.

9. For greater certainty, and notwithstanding anything else contained herein, should the Approved Account Debtor on any Purchased Receivable fail to pay such Purchased Receivable in full, for any reason, the Purchaser shall have full recourse against the Seller for the full amount of any deficiency in respect thereof.

10. COSTS AND EXPENSES. Seller shall reimburse the Purchaser for all reasonable costs (including reasonable legal fees and expenses) in CAD that the Purchaser incurs in connection with the preparation and negotiation of this Agreement, any amendments hereto and the enforcement and/or termination hereof, and any costs and expenses in administrating and performing its services under this Agreement as purchaser and/or collector and servicer of Receivables.

11. GENERAL PAYMENTS. All amounts payable by the Seller to the Purchaser under this Agreement shall be paid in full, free and clear of all deductions, set-off or withholdings whatsoever except only as may be required by law, and shall be paid on the date such amount is due by not later than 11:00 a.m. (Eastern Time) to the account of the Purchaser notified to the Seller from time to time. If any deduction or withholding is required by law, the Seller shall pay to the Purchaser such additional amount as necessary to ensure that the net amount actually received by the Purchaser equals to the full amount the Purchaser should have received had no such deduction or withholding been required. Except as may be otherwise expressly provided in this Agreement, all payments to be made hereunder, including in respect of a Purchased Receivable with respect to the Purchase Price, Repurchase Price, interest thereon and indemnities in connection therewith shall be paid in Canadian Dollars. Any amounts that would fall due for payment on a day other than a Business Day shall be payable on the succeeding Business Day.

12. LIMITATION OF LIABILITY. NEITHER PARTY SHALL BE LIABLE FOR ANY SPECIAL INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THIS AGREEMENT (INCLUDING LOST PROFITS OR LOSS OF BUSINESS) EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

13. NOTICES. Unless otherwise provided herein, any notice, request or other communication which the Purchaser or the Seller may be required or may desire to give to the other party under any provision of this Agreement shall be in writing and sent by electronic transmission, hand delivery or first class mail, registered and postage prepaid, and shall be deemed to have been given or made and received when transmitted with receipt confirmed in the case of electronic transmission, when received if sent by hand delivery or five (5) days after deposit in the mail if mailed, and in each case addressed to the Purchaser or the Seller as set forth below. Any party hereto may change the address to which all notices, requests and other communications are to be sent to it by giving written notice of such address change to the other parties in conformity with this paragraph, but such change shall not be effective until notice of such change has been received by the other parties.

If to the Seller:

James den Ouden, Chief Financial Officer
530 Manitou Drive, Kitchener, Ontario N2C 1L3
519-594-0144 ext 431

Email: james@jwcmcd.com

If to the Purchaser:

Trichome Financial Corp.
150 King Street West, Suite 213, Unit 200
Toronto, ON M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

Seller agrees that the Purchaser may presume the authenticity, genuineness, accuracy, completeness and due execution of any email or fax communication bearing a facsimile or scanned signature resembling a signature of an authorized Person of the Seller without further verification or inquiry by the Purchaser. Notwithstanding the foregoing, the Purchaser in its sole discretion may elect not to act or rely upon such a communication (if it questions the authenticity, genuineness, accuracy, completeness or due execution) and shall be entitled (but not obligated) to make inquiries or require further action by the Seller to authenticate any such communication.

14. **SURVIVAL.** Notwithstanding the occurrence of the Purchase Termination Date, (a) all covenants, representations and warranties made herein shall continue in full force and effect so long as any Purchased Receivables remain outstanding; and (b) the Seller's obligations to indemnify the Purchaser with respect to the expenses, damages, losses, costs, liabilities and other obligations shall survive until the later of (i) all applicable statute of limitations periods with respect to actions that may be brought against the Purchaser or any other indemnified party have run and (ii) 365 days following the entry of a final non-appealable order of a court of competent jurisdiction with respect to actions brought against the Purchaser or any other Indemnified Party that were initiated prior to the end of the applicable statute of limitations for such actions.

15. **GOVERNING LAW; VENUE; WAIVER OF JURY TRIAL; ETC.**

- (a) This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein, without giving effect to conflict of laws principles that would require the application of the law of any other jurisdiction.
- (b) Each Party hereto irrevocably and unconditionally (i) submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the Province of Ontario, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment and (ii) agrees that all claims in respect of any such action or proceeding may be heard and determined in any such Ontario court or, to the extent permitted by law, in such appellate court. A final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each Party irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, (x) any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court located in

the Province of Ontario and (y) the defense of inconvenient forum to the maintenance of such action or proceeding in any such court.

- (c) EACH PARTY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT SUCH PARTY MAY HAVE TO A JURY TRIAL FOR ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

16. GENERAL PROVISIONS.

- (a) This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements with respect to such subject matter. No provision of this Agreement may be amended or waived except by a writing signed by the Parties.
- (b) This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties; provided, however, that Seller may not assign any of its rights hereunder without the Purchaser's prior written consent, given or withheld in the Purchaser's sole discretion. The Purchaser shall have the right without the consent of the Seller to sell, transfer, negotiate or grant participations in all or any part of, or any interest in, the Purchaser's obligations, rights and benefits hereunder.
- (c) Each provision of this Agreement shall be severable from every other provision hereof for the purpose of determining the legal enforceability of any specific provision. This Agreement may be executed and delivered in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same agreement.
- (d) For the purposes of complying with the *Interest Act* (Canada) (i) where interest is calculated pursuant hereto at a rate based on a period of less than a full year, the yearly rate or percentage of interest to which such rate is equivalent is such rate multiplied by the actual number of days in the year (365 or 366, as the case may be) divided by the number of days in such shorter period, (ii) the Seller acknowledges that it understands that the Factoring Fee Rate, (x) when expressed as an annualized percentage rate of interest, is equal to the Factoring Fee Rate and multiplied by 365 (the "Annualized Factoring Fee Rate"), and (y) when expressed as an effective rate of interest taking into account the advance of only the Advance in respect of any Purchased Receivable, is equal to the Annualized Factoring Fee Rate divided by 0.8.

17. GUARANTEE.

- (a) Guarantee. To induce the Purchaser to execute and deliver this Agreement, and in consideration thereof, each Guarantor hereby irrevocably and unconditionally guarantees (each, a "Guarantee") to the Purchaser due and punctual payment and performance to the Purchaser upon demand made in accordance with the terms of this Agreement of all debts, liabilities and obligations of or owing by the Seller to the Purchaser at any time and from time to time, present and future, direct and indirect, absolute and contingent, matured or not, arising from this Agreement or any other Security Document and all amendments, restatements, replacements, renewals, extensions, or supplements and continuations thereof, and whether the Seller is bound alone or with another or others, and whether as principal or surety, and including without limitation, all liabilities of the Seller arising as a consequence of its failure to pay or fulfil any of such debts, liabilities and obligations (collectively, the "Guaranteed Obligations").
- (b) Indemnity. In addition to the guarantee specified in this Section 17, each Guarantor agrees to indemnify and save the Purchaser harmless from and against all costs, losses, expenses and damages it may suffer as a result or consequence of the Seller's default in the performance of any of the Guaranteed Obligations, or any

inability by the Purchaser to recover the ultimate balance due or remaining unpaid to the Purchaser in respect of the Guaranteed Obligations, including without limitation, reasonable legal fees incurred by or on behalf of the Purchaser resulting from any action instituted on the basis of this Guarantee.

(c) Payment and Performance.

- (i) If the Seller fails or refuses to punctually make any payment or perform the Guaranteed Obligations, each Guarantor shall unconditionally render any such payment or performance upon demand in accordance with the terms of this Guarantee.
- (ii) Nothing but payment and satisfaction in full of the Guaranteed Obligations shall release the Guarantors from their obligations under this Guarantee.

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

- (i) whether any other Person or Persons (an "Additional Guarantor") shall become in any other way responsible to the Purchaser for, or in respect of all or any part of the Guaranteed Obligations;
- (ii) whether any such Additional Guarantor shall cease to be so liable;
- (iii) the enforceability, validity, perfection or effect of perfection or non-perfection of any security interest securing the Guaranteed Obligations, or the validity or enforceability of any of the Guaranteed Obligations; or
- (iv) whether any payment of any of the Guaranteed Obligations has been made and where such payment is rescinded or must otherwise be returned upon the occurrence of any action or event, including the insolvency or bankruptcy of the Seller or otherwise, all as though such payment had not been made.

(e) Guarantee Unaffected. This Guarantee shall not be determined or affected, or the Purchaser's rights under this Guarantee prejudiced by, the termination of any Guaranteed Obligations (other than as a result of the repayment in full thereof) by operation of law or otherwise, including without limitation, the bankruptcy, insolvency, dissolution or liquidation of the Seller, any change in the name, business, powers, capital structure, constitution, objects, organization, directors or management of the Seller, with respect to transactions occurring either before or after such change. This Guarantee is to extend to the liabilities of the Seller, notwithstanding any reorganization of the Seller, any Guarantor or any Additional Guarantor or the amalgamation of the Seller, a Guarantor or any Additional Guarantor with one or more other corporations (in this case, this Guarantee shall extend to the liabilities of the resulting corporation and the terms "Seller", "Guarantor" and "Additional Guarantor" shall include such resulting corporation) or any sale or disposal of the Seller's, a Guarantor's or the Additional Guarantor's business in whole or in part to one or more other Persons and all of such liabilities shall be included in the Guaranteed Obligations. Each Guarantor agrees that the manner in which the Purchaser may now or subsequently deal with the Seller, any Additional Guarantor or any security (or any collateral subject to the security) or other guarantee in respect of the Guaranteed Obligations shall have no effect on such Guarantor's continuing liability under this Guarantee and each Guarantor irrevocably waives any rights it may have in respect of any of the above.

(f) Waivers. Each Guarantor waives each of the following, to the fullest extent permitted by law:

- (i) any defence based upon:

- (A) the unenforceability or invalidity of all or any part of the Guaranteed Obligations, or any security or other guarantee for the Guaranteed Obligations or any failure of the Purchaser to take proper care or act in a commercially reasonable manner in respect of any security for the Guaranteed Obligations or any collateral subject to the security, including in respect of any disposition of the Collateral or any set-off against the Guaranteed Obligations;
 - (B) any act or omission of the Seller or any other Person, including the Purchaser, that directly or indirectly results in the discharge or release of the Seller or any other Person or any of the Guaranteed Obligations or any security for the Guaranteed Obligations; or
 - (C) the Purchaser's present or future method of dealing with the Seller, any Additional Guarantor or any security (or any collateral subject to the security) or other guarantee for the Guaranteed Obligations;
- (ii) any right (whether now or hereafter existing) to require the Purchaser, as a condition to the enforcement of this Guarantee:
- (A) to accelerate any of the Guaranteed Obligations or proceed and exhaust any recourse against the Seller or any other Person;
 - (B) to realize on any security that it holds;
 - (C) to marshal the assets of a Guarantor or the Seller; or
 - (D) to pursue any other remedy that a Guarantor may not be able to pursue itself and that might limit or reduce such Guarantor's burden;
- (iii) presentment, demand, protest and notice of any kind including, without limitation, notices of default and notice of acceptance of this Guarantee;
- (iv) all suretyship defences and rights of every nature otherwise available under Ontario law and the laws of any other jurisdiction;
- (v) any rights of subrogation or indemnification which it may have, until the obligations of the Seller and Guarantors under this Agreement been paid in full; and
- (vi) all other rights and defences (legal or equitable) the assertion or exercise of which would in any way diminish the liability of the Guarantors under this Guarantee.
- (g) Purchaser's Right to Act. Purchaser has the right to deal with the Seller, the documents creating or evidencing the Guaranteed Obligations and the security (or any collateral subject to the security) now or subsequently held by the Purchaser (including, without limitation, all modifications, extensions, replacements, amendments, renewals, restatements, and supplements to such documents or security) as Purchaser may see fit, without notice to the Guarantors or any Additional Guarantor and without in any way affecting, relieving, limiting or lessening any Guarantor's or any Additional Guarantor's liability under this Guarantee. Without limitation, Purchaser may:
- (i) grant time, renewals, extensions, indulgences, releases and discharges to the Seller;
 - (ii) take new or additional security (including, without limitation, other guarantees) from the Seller;
 - (iii) discharge or partially discharge any or all existing security;

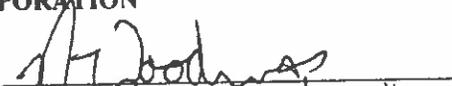
- (iv) elect not to take security from the Seller or not to perfect security;
 - (v) cease or refrain from, or continuing to, giving credit or making loans or advances to the Seller;
 - (vi) accept partial payment or performance from the Seller or otherwise waive compliance by the Seller with the terms of any of the documents or security;
 - (vii) assign any such document or security to any Person or Persons in accordance with the provisions of this Agreement;
 - (viii) deal or dispose in any manner (whether commercially reasonably or not) with any security (or any collateral subject to the security) or other guarantee for the Guaranteed Obligations; or
 - (ix) apply all dividends, compositions and moneys at any time received from any Seller or others or from the security upon such part of the Guaranteed Obligations.
- (h) Action or Inaction. Except as provided at law, no action or omission on the part of the Purchaser in exercising or failing to exercise its rights under this Section 17 or in connection with or arising from all or part of the Guaranteed Obligations shall make the Purchaser liable to a Guarantor for any loss occasioned to such Guarantor. No loss of or in respect of any securities received by the Purchaser from the Seller or others, whether occasioned by the Purchaser's fault or otherwise, shall in any way affect, relieve, limit or lessen a Guarantor's liability under this Guarantee.
- (i) Purchaser's Rights. The rights and remedies provided in this Section 17 are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights or remedies provided by law.
- (j) Demand. The Purchaser may make demand in writing to any Guarantor at any time and from time to time, each such written demand to be accepted by each Guarantor as complete and satisfactory evidence of such Guarantor's obligations to make a payment under this Guarantee and the amount of such payment. Guarantors shall pay to the Purchaser such amount or amounts payable under this Guarantee immediately upon such written demand.
- (k) No Representations. Each Guarantor acknowledges that this Guarantee has been delivered free of any conditions and that there are no representations which have been made to any Guarantor affecting such Guarantor's liability under this Guarantee except as may be specifically embodied in this Guarantee and agrees that this Guarantee is in addition to and not in substitution for any other guarantee(s) held or which may subsequently be held by or for the benefit of the Purchaser.

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

SELLER:

**JAMES E. WAGNER CULTIVATION
CORPORATION**

By:



Name: Nathan woodworth
Title: CEO

GUARANTORS:

JAMES E. WAGNER CULTIVATION LTD.

By: 
Name: Nathan Woodworth
Title: CEO

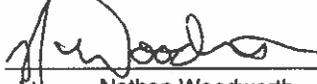
JWC 1 LTD.

By: 
Name: Nathan Woodworth
Title: President

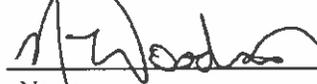
JWC 2 LTD.

By: 
Name: Nathan Woodworth
Title: President

JWC SUPPLY LTD.

By: 
Name: Nathan Woodworth
Title: President

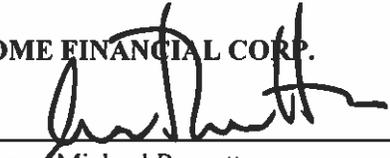
GROWTHSTORM INC.

By: 
Name: Nathan Woodworth
Title: President

LENDER:

TRICHOME FINANCIAL CORP.

By: _____


Name: Michael Ruschetta
Title: Chief Financial Officer

Schedule 1

Approved Account Debtors

Name or type of Approved Account Debtor	Sublimit for Approved Account Debtor or Type of Approved Account Debtors
CannaCure Corporation	\$500,000

Exhibit A

Definitions

“Approved Account Debtor”: The meaning set forth in the recitals of the Agreement.

“Approved Account Debtor Insolvency Event”: With respect to any Approved Account Debtor, such Approved Account Debtor shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against such Approved Account Debtor seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, plan of compromise or arrangement, or composition of it or its debts or making a proposal under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, liquidator, monitor, custodian or other similar official for it or for any substantial part of its property, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, liquidator, monitor, custodian or other similar official for, it or for any substantial part of its property) shall occur; or such Approved Account Debtor shall take any action to authorize any of the actions set forth above in this definition.

“Affiliate”: With respect to any Person, each officer and director of such Person and any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person or is a member of a related group of Persons that directly or indirectly controls, or is controlled by, or is under common control with such Person, or any other Person who does not otherwise deal with such Person at “arm's length” as that term is understood in the jurisprudence dealing with the interpretation and application of the Insolvency Statutes. For purpose of this definition, “control” means the possession of either (a) the direct or indirect power to vote, or the direct or indirect beneficial ownership of, 50% or more of the equity interests having ordinary voting power for the election of directors of such Person or (b) the power to direct or cause the direction of the management and policies of such Person directly or indirectly, alone or in concert with a related group with whom such Person does not deal at arm's length, whether by contract or otherwise.

“Agreement”: The meaning set forth in the first paragraph of the agreement to which this Exhibit is attached.

“Anti-Corruption Laws”: *The U.S. Foreign Corrupt Practices Act of 1977, Corruption of Foreign Public Officials Act (Canada), the Criminal Code (Canada) and all other legislation and related regulations and guidelines (whether federal, provincial or foreign) dealing with or relating to the corruption of public officials or bribery.*

“Anti-Money Laundering Laws”: *The Proceeds of Crime (Money Laundering) and Terrorist Act, the Regulations thereunder and all Guidelines published by the Financial Transactions and Reports Analysis Centre of Canada or under such Act, as any or all may be amended or replaced from time to time.*

“Audit”: The meaning set forth in Section 5(g) of the Agreement.

“Business Day”: Any day that is not a Saturday, Sunday, statutory or civic holiday (federal or provincial in the Province of Ontario) or other day on which banks in Toronto, Ontario are required or permitted to close.

“CAD” or “Canadian Dollars”: The lawful currency of Canada.

“Cannabis Laws” means the *Cannabis Act (Canada), the Criminal Code (Canada), and any other law, statute, rule or regulation in Canada or any other applicable jurisdiction (including any Province, Territory or other sub-jurisdiction) relating in any way to the production, cultivation, possession, storage, transportation, distribution, sale*

or use of cannabis and related substances and products, and including all regulations, official directives, orders, judgments and decrees promulgated under any of the foregoing.

“Change of Control” means the occurrence of any event or transaction, as a result of which (i) any person or group of persons acting jointly or in concert acquire (x) greater than 50% of the voting shares of the Seller, or (y) the ability to elect, by way of control of voting rights, by contract or otherwise, a majority of the directors of the Seller, or (ii) any subsidiary of the Seller ceases to be wholly-owned by the Seller, or (iii) the disposition of all or substantially all of the assets of the Seller or any subsidiary, except to each other.

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

“Collections”: With respect to each Purchased Receivable, all proceeds thereof.

“Collection Account”: The account(s) maintained at ATB Financial in the name of the Purchaser with account number 00456550979 into which the Seller will direct all Approved Account Debtors to pay all amounts relating to Receivables, which account shall at all times be under the sole dominion and control of the Purchaser.

“Collection Date”: The meaning set forth in Section 2(b) of the Agreement.

“Contracts”: The meaning set forth in Section 6(a) of the Agreement.

“Advance” The meaning set forth in Section 2(b) of the Agreement.

“Dilution”: All actual and potential offsets to Purchased Receivables, including, without limitation, the Seller payment and/or volume discounts, write-offs, credit memoranda, returns and allowances, and billing errors.

“Dispute”: Any dispute, discount, deduction, claim, offset, defense or counterclaim of any kind relating to one or more Purchased Receivables (other than a discount or adjustment granted with the Purchaser’s prior written consent), regardless of whether the same (i) is in an amount greater than, equal to or less than the applicable Purchased Receivable, (ii) is bona fide or not, or (iii) arises by reason of an act of God, civil strife, war, currency restrictions, foreign political restrictions or regulations, or any other circumstance beyond the control of the Seller or the applicable Approved Account Debtor; provided that the failure to make payment of a Purchased Receivable as a result of an Approved Account Debtor Insolvency Event shall not be deemed a “Dispute” hereunder.

“Effective Date”: The meaning set forth in the preamble to the Agreement.

“Eligible Receivable”: A Receivable that satisfies each of the following conditions to the satisfaction of the Purchaser:

- (i) it is generated by the Seller in the ordinary course of its business from sale of goods or the provision of services to an Approved Account Debtor under a duly authorized Contract that is in full force and effect and that is a legal, valid and binding obligation of the Seller and the related Approved Account Debtor, enforceable against such Approved Account Debtor in accordance with its terms;
- (ii) the goods or services for which the Receivable has been created have been fully delivered or performed by the Seller and, in the case of services, the Approved Account Debtor has confirmed in writing that the services were rendered in accordance with the terms of the contract of sale;

- (iii) by its terms has an Invoice Due Date that is no more than 90 days from the original invoice date and such Invoice Due Date has not occurred;
- (iv) it is owned by the Seller, free and clear of all liens, encumbrances and security interests of any Person;
- (v) it is freely assignable without the consent of any Person, including the applicable Approved Account Debtor;
- (vi) no default or event of default (howsoever defined) exists under the applicable Contract between the Seller and the applicable Approved Account Debtor;
- (vii) it is not subject to any Dispute or Dilution;
- (viii) together with all other Purchased Receivables due from such Approved Account Debtor, it does not cause the aggregate amount of such Purchased Receivable arising from sales to such Approved Account Debtor to exceed the credit limit set by the Purchaser from time to time in its sole discretion;
- (ix) no covenant, representation or warranty contained in this Agreement pertaining to such Receivable has been breached or is not true;
- (x) it constitutes an account or a payment intangible as defined in the PPSA and is not, unless specifically approved by the Purchaser, evidenced by instruments, a note, bill, cheque or chattel paper; and
- (xi) it is in Canadian Dollars.

“Event of Repurchase”: The meaning set forth in Section 7(a) of the Agreement.

“Facility Amount”: Up to CAD\$5,000,000.

“Factoring Fee Rate”: The meaning set forth in Section 2(b) of the Agreement.

“Guarantor” means each present and future subsidiary of the Seller, including, without limitation, JWCL, JWC 1, JCW 2, JWC Supply and GrowthStorm.

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

“Indemnified Amounts”: The meaning set forth in Section 7(b) of the Agreement.

“Indemnified Party”: The meaning set forth in Section 7(b) of the Agreement.

“Insolvency Event”: With respect to any Person, such Person shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against such Person seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, plan of compromise or arrangement, or composition of it or its debts or making a proposal under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, liquidator, monitor, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it),

either such proceeding shall remain undismissed or unstayed for a period of thirty (30) days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, liquidator, monitor, custodian or other similar official for, it or for any substantial part of its property) shall occur; or such Person shall take any action to authorize any of the actions set forth above in this definition; provided, that in the case of the inability of a Person to pay its debts as such debts become due arising by reason only of currency restrictions or foreign political restrictions or regulations beyond the control of the Seller or such Person, such event shall not be or be deemed to be an “Insolvency Event”.

“Insolvency Statutes”: The meaning set forth in Section 4(a)(v) of the Agreement.

“Invoice Due Date”: With respect to a Purchased Receivable, the last date identified for timely payment in the applicable original invoice.

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

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

“Loan Agreement” means the amended and restated loan agreement between Seller and Purchaser dated on or around October 30, 2019 as may be amended, restated or otherwise modified from time to time.

“Material Adverse Change”: An event that results or would likely result in (a) a material adverse change in (i) the business condition (financial or otherwise), operations, performance or properties of the Seller and its subsidiaries, taken as a whole, or (ii) the ability of the Seller to fulfill its obligations hereunder, or (b) the impairment of the validity or enforceability of, or the rights, remedies or benefits available to, the Purchaser under this Agreement or the Security Documents.

“Gross Invoice Amount”: The amount shown on the original invoice for the applicable Purchased Receivable as the total amount payable by the applicable Approved Account Debtor, which amount shall be net of any discounts, credits, Dilutions or other allowances identified with specificity on such original invoice.

“OFAC”: The meaning set forth in the definition of “Sanctioned Country”.

“Organizational Documents”: The certificate or articles of incorporation, continuation or amalgamation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-corporate entity, including, without limitation, applicable limited partnership agreements and limited partnership reports); and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation with the applicable governmental authority in the jurisdiction of its formation and, if applicable, any certificate or articles of formation or any equivalent thereof.

“Outstanding Approved Account Debtor Purchase Amount”: As of the date of determination, an amount equal to (i) the aggregate amount paid by the Purchaser to the Seller in respect of Purchased Receivables of a particular Approved Account Debtor expressed in CAD, minus (ii) the aggregate amount of all Collections with respect to such Purchased Receivables actually deposited into the Collection Account expressed in CAD.

“Outstanding Aggregate Purchase Amount”: As of the date of determination, an amount equal to the Outstanding Approved Account Debtor Purchase Amount for all Approved Account Debtors expressed in CAD.

“**Parties**”: Collectively, the Seller and the Purchaser and, individually, the Seller or the Purchaser, as applicable in the context.

“**Permitted Liens**” means (i) Liens in favour of Purchaser, (ii) Liens securing the obligations of the Seller and/or Guarantors under the Loan Agreement and (iii) Liens that are permitted under the Loan Agreement.

“**Person**”: An individual, partnership, corporation (including a business trust), limited liability company, limited partnership, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof or any governmental authority.

“**PPSA**”: The *Personal Property Security Act* (Ontario) as amended or replaced.

“**Proposed Receivables**”: With respect to any Purchase Date, the Eligible Receivables proposed by the Seller to the Purchaser for purchase hereunder on such Purchase Date and described in a Purchase Request.

“**Purchase Date**”: Each date on which the Purchaser purchases Eligible Receivables.

“**Purchase Price**”: The meaning set forth in Section 2(b) of the Agreement.

“**Purchase Request**”: A request submitted by the Seller to the Purchaser to purchase Proposed Receivables, which request shall be made in the form of Exhibit B to the Agreement or in such other form or by way of such electronic communication as is acceptable to the Purchaser.

“**Purchase Termination Date**”: The date on which this Agreement terminates pursuant to Section 2(c) of the Agreement.

“**Purchased Receivables**”: The meaning set forth in Section 2(a) of the Agreement.

“**Purchaser**”: The meaning set forth in the preamble to the Agreement.

“**Receivables**”: Any indebtedness or other payment obligation owing to the Seller by any Approved Account Debtor (whether constituting an account or payment intangible), including any right to payment of interest or finance charges and other obligations of such Approved Account Debtor with respect thereto, arising out of the Seller’s sale and delivery of goods or the Seller’s sale and provision of services.

“**Repurchase Date**”: The meaning set forth in Section 6 of the Agreement.

“**Repurchase Price**”: The meaning set forth in Section 7 of the Agreement.

“**Retained Obligations**”: The meaning set forth in Section 8 of the Agreement.

“**Sanctioned Country**”: A country or territory that is, or whose government is, the subject of country-wide or territory wide economic or trade sanctions administered by but not limited to the Office of Foreign Assets Control of the U.S. Treasury Department of the Treasury (“OFAC”), the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury, the Hong Kong Monetary Authority, Global Affairs Canada, Canada Border Services Agency, or Justice Canada.

“**Sanctioned Person**”: Any of the following currently or in the future: (i) an entity, vessel, or Person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx> or on the consolidated list of persons, groups, and entities subject to the European Union financial sanctions currently available at

http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm or otherwise subject to Sanctions Laws; (ii) any Person located in or organized under, incorporated under the laws of any, or resident in any Sanctioned Country to the extent that the entity or individual is subject to sanctions under Sanctions Laws; (iii) any Person otherwise a subject of sanctions under Sanctions Laws; and (iv) any entity or individual engaged in sanctionable activities under the Sanctions Laws.

“Sanctions Laws”: The sanctions or related laws, regulations, and rules promulgated or administered by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury, the Hong Kong Monetary Authority, Global Affairs Canada, Canada Border Services Agency, or Justice Canada (including, without limitation, the *Trading with the Enemy Act* and each of the foreign assets control regulations of the United States Treasury Department, and the *Patriot Act*), the sanctions and other restrictive measures applied by the European Union in pursuit of the Common Foreign and Security Policy objectives set out in the Treaty on European Union, and any enabling legislation or executive order related thereto, as amended from time to time and any similar sanctions laws as may be enacted from time to time in the future by the United States, Canada, the United Kingdom, the European Union (and any of its member states), the United Nations Security Council, or any other legislative body of the United Nations or any other relevant government or country; and any corresponding laws of jurisdictions in which the Seller operates or in which the proceeds of the Purchase Price will be used or from which repayments of such obligations be derived.

“Security Documents” means a general security agreement by the Seller and each Guarantor in favour of the Purchaser, in each case in form and substance satisfactory to the Purchaser acting reasonably.

“Seller”: The meaning set forth in the preamble to the Agreement to which this Exhibit is attached.

“Servicer”: The Purchaser, as appointed pursuant to Section 6(a)(i) of the Agreement.

“Settlement Date”: For any Purchased Receivable, the date that the Gross Invoice Amount of such Purchased Receivable is paid to the Purchaser in full.

“Termination Event”: A Termination Event shall occur (i) if the Seller or any Guarantor breaches or fails to comply with any of its obligations hereunder or any security documents entered into in connection herewith, in each case in any material respect, and such breach of failure is not remedied or waived by Purchaser within 30 days, (ii) any event of default occurs under the Loan Agreement or under any other indebtedness of the Seller or any Guarantor in excess of \$25,000, (iii) an Insolvency Event having occurred with respect to the Seller or any Guarantor, (iv) License Impairment shall have occurred, or (v) a Change of Control shall have occurred.

Exhibit B

Form of Purchase Request

PURCHASE REQUEST

To: Trichome Financial Corp. (the “**Purchaser**”)
Re: Receivables Purchase Agreement dated October 23, 2019 between James E. Wagner Cultivation Corporation (the “**Seller**”) and the Purchaser (the “**Factoring Agreement**”)

Unless otherwise defined herein, terms defined in the Factoring Agreement and used herein shall have the meanings given to them in the Factoring Agreement.

Pursuant to the Factoring Agreement, the Seller hereby irrevocably and unconditionally requests the Purchaser to purchase the Proposed Receivables described as follows:

Approved Account Debtor’s name: [■]

Purchase order number(s): [■]

Invoice number(s): [■]

Gross Invoice Amount: [■]

Invoice Due Date(s): [■]

Attached hereto as Schedule “A” are copies of all of the invoices issued to the Approved Account Debtor in respect of the Proposed Receivables described above. Attached hereto as Schedule “B” is a notice of direction to the Approved Account Debtor identified above directing such Approved Account Debtor to remit payment for all invoices listed above to the Purchaser.

The Seller hereby represents and warrants to the Purchaser, and acknowledges that the Purchaser is relying upon such representations and warranties as an inducement to purchase all or any of the Proposed Receivables described above, that:

1. The Seller is in compliance with each term, covenant and other provision of the Factoring Agreement applicable to the Seller.
2. All representations and warranties set forth in the Factoring Agreement are true and correct on the date hereof as if given on the date hereof (other than those made as of a specific date or otherwise specified therein to be non-repeating).
3. All other conditions and requirements in the Factoring Agreement, including under Section 3(b) of the Factoring Agreement, have been satisfied.

You are hereby irrevocably directed to pay or transmit the full amount of the Advance in respect of the Proposed Receivables described above directly to account in accordance with the following fund payment and transmission instructions:

[Insert fund payment and transmission instructions for the nominated bank account.]

DATED _____, 20____.

**JAMES E. WAGNER CULTIVATION
CORPORATION**

By: _____
Name:
Title:

Schedule "A"

Invoices

Attached.

Schedule "B"

Notice of Direction

Attached.

LETTER OF DIRECTION

JAMES E. WAGNER CULTIVATION CORPORATION

530 Trillium Drive
Kitchener, ON N2R 1J4

[Insert Date]

[Insert address of customer]

Attention: [Insert name of appropriate officer of the customer]
[Title]

Dear Sirs/Mesdames [Insert customer name],

In order to improve efficiency and better serve your needs, **James E. Wagner Cultivation Corporation** has retained **Trichome Financial Corp.** for processing of our accounts receivable.

As part of this arrangement, we would appreciate your kind co-operation in making **payment** of all invoices from **James E. Wagner Cultivation Corporation** starting with our invoice #XXXX, dated [■] to:

Trichome Financial Corp.
150 King St. W., Suite 213
Toronto, Ontario M5H 1J9

To the following account:
ATB Financial
Bank: 219
Transit: 07609
Account: 00456550979

Please consider this direction and authorization as irrevocable without the written consent of **Trichome Financial Corp.**, whose staff will be handling all matters of accounts receivable management on our behalf. Please sign below to acknowledge receipt of this direction and authorization, and send the signed copy to **Trichome Financial Corp.** at the address set out above.

We appreciate your kind co-operation in the above and are available should you require any further assistance with this request.

Sincerely,
James E. Wagner Cultivation Corporation

Per: _____
Name

Title

Acknowledged: _____
Print Name & Title
I have the authority to bind the company

Date: _____

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

A COMMISSIONER FOR TAKING AFFIDAVITS

OMNIBUS GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as amended, modified, supplemented, restated or replaced from time to time, this “**Agreement**”), dated as of October 23, 2019, made by James E. Wagner Cultivation Corporation, a corporation formed under the laws of the Province of Ontario (the “**Seller**”), James E. Wagner Cultivation Ltd., a corporation formed under the laws of the Province of Ontario, JWC 1 Ltd., a corporation formed under the laws of the Province of Ontario, JWC 2 Ltd., a corporation formed under the laws of the Province of Ontario, JWC Supply Ltd., a corporation formed under the laws of the Province of Ontario, and GrowthStorm Inc., a corporation formed under the laws of the Province of Ontario, (together with the Seller, JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and any of their successors, by amalgamation or otherwise, and permitted assigns, the “**Obligors**” and each an “**Obligor**”), in favour of Trichome Financial Corp., as purchaser under the Factoring Agreement (as defined below) (together with any successor(s) thereto in such capacity, the “**Purchaser**”).

WITNESSETH:

WHEREAS pursuant to a receivables purchase agreement dated as of the date hereof (together with all amendments, modifications, supplements, restatements or replacements, if any, from time to time thereafter made thereto, the “**Factoring Agreement**”), between the Purchaser and the Obligors, the Seller has agreed to sell and/or finance certain of its receivables to the Purchaser and to incur other obligations to the Seller as specified thereunder;

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

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

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Purchaser to enter into the Factoring Agreement, each Obligor agrees, for the benefit of the Purchaser, as follows:

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

- (a) all goods comprising the inventory of such Obligor, including but not limited to goods held for sale or lease or furnished or to be furnished under a contract of service or that are raw materials, work in progress or materials used or consumed

in a business or profession or finished goods, including, without limitation, "inventory" as defined in the PPSA;

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

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

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

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

- (i) the last day of the term of any lease or any agreement therefor now held or hereafter acquired by any Obligor, but should such mortgage, charge and security interest become enforceable, each Obligor shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any Person acquiring such term or the part thereof mortgaged and charged in the course of any enforcement of the said assignment, transfer, mortgage, charge and security or any realization of the subject matter thereof; or

- (ii) any present or after-acquired agreement, contract, right, franchise, licence or permit (for the purpose of this Section, the “**contractual rights**”) to which any Obligor is a party or of which any Obligor has the benefit to the extent that the creation of the assignment, transfer, mortgage, charge or security therein would constitute a breach of the terms of or permit any Person to terminate any of the contractual rights or otherwise constitute a breach of or violation under any existing Applicable Law to which any Obligor is subject, provided that all such contractual rights will be held in trust by each Obligor for the benefit of the Purchaser. Notwithstanding the foregoing, the said assignment, transfer, mortgage, charge and security interest shall apply to any proceeds of the disposition of any such contractual rights and each Obligor further agrees to hold such proceeds in trust for the Purchaser.

2. Unless otherwise defined herein or the context otherwise requires, capitalized terms used herein shall have the meanings provided in the Factoring Agreement, and in this Agreement:

- (a) “**Agreement**” is defined in the preamble;
- (b) “**Applicable Law**” means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments and decrees of any domestic or foreign federal, provincial, regional, state, municipal or other government, governmental department, agency, authority or body (whether administrative, legislative, executive or otherwise), court, tribunal, commission or commissioner, bureau, minister or ministry, board or agency, or other regulatory authority, including any securities regulatory authorities or stock exchange;
- (c) “**Computer Hardware and Software Collateral**” means:
 - (i) all computer and other electronic data processing hardware, integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware;
 - (ii) all software programs (including both source code, object code and all related applications and data files), whether now owned, licenced or leased or hereafter acquired by any Obligor, designed for use on the computers and electronic data processing hardware described in clause (i) above;
 - (iii) all firmware associated therewith;
 - (iv) all documentation (including flow charts, logic diagrams, manuals, guides and specifications) with respect to such hardware, software and firmware described in the preceding clauses (i) through (iii); and

- (v) all rights with respect to all of the foregoing, including, without limitation, any and all intellectual property rights, copyrights, leases, licences, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications and any substitutions, replacements, additions or model conversions of any of the foregoing;
- (d) **“Control Agreement”** means:
- (i) with respect to any uncertificated securities included in the Collateral, an agreement between the issuer of such uncertificated securities and another Person whereby such issuer agrees to comply with instructions that are originated by such Person in respect of such uncertificated securities, without the further consent of an Obligor; and
 - (ii) with respect to any security entitlements in respect of financial assets deposited in or credited to a securities account included in the Collateral, an agreement between the securities intermediary and another Person in respect of such security entitlements pursuant to which such securities intermediary agrees to comply with any entitlement orders with respect to such security entitlements that are originated by the Purchaser, without the further consent of an Obligor.
- (e) **“Copyright Collateral”** means:
- (i) all copyrights (including without limitation copyrights for semi-conductor chip product mask works and all integrated circuit topography) of any Obligor, whether statutory or common law, registered or unregistered, now or hereafter in force throughout the world, and all applications for registration thereof, whether pending or in preparation, and all copyrights resulting from such applications;
 - (ii) all extensions and renewals of any thereof;
 - (iii) all copyright licences and other agreements providing any Obligor with the right to use any of the items of the type referred to in clauses (i) and (ii);
 - (iv) the right to sue for past, present and future infringements of any of the Copyright Collateral referred to in clauses (i) and (ii) and, to the extent applicable, clause (iii); and
 - (v) all proceeds of the foregoing, including, without limitation, licences, royalties, income, payments, claims, damages and proceeds of suit;
- (f) **“Factoring Agreement”** is defined in the first recital;
- (g) **“Intellectual Property Collateral”** means, collectively, the Copyright Collateral, the Patent Collateral, the Trademark Collateral and the Trade Secrets Collateral;

- (h) **“Patent Collateral”** means:
- (i) all letters patent and applications for letters patent throughout the world, including all patent applications in preparation for filing anywhere in the world;
 - (ii) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and re-examinations of any of the items described in clause (i);
 - (iii) all patent licences and other agreements providing an Obligor with the right to use any of the items of the type referred to in clauses (i) and (ii);
 - (iv) the right to sue third parties for past, present or future infringements of any patent or patent application, and for breach or enforcement of any patent licence; and
 - (v) all proceeds of, and rights associated with, the foregoing (including licence royalties and proceeds of infringement suits), and all rights corresponding thereto throughout the world;
- (i) **“Secured Obligations”** all indebtedness, liabilities and other obligations of each Obligor to the Purchaser arising under the Factoring Agreement, in each case direct, indirect, matured or not and any unpaid balance thereof;
- (j) **“Trademark Collateral”** means:
- (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade dress, service marks, logos, other source of business identifiers, prints and labels on which any of the foregoing have appeared or appear and designs (all of the foregoing items in this clause (i) being collectively called a **“Trademark”**), now existing anywhere in the world or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the Trade-marks Branch of the Canadian Intellectual Property Office or in any office or agency of Canada or any Province thereof or any foreign country, and all reissues, extensions or renewals thereof;
 - (ii) all Trademark licences and other agreements providing any Obligor with the right to use any items of the type described in clause (i), including each Trademark licence referred to in Item B of Schedule I attached hereto;
 - (iii) all of the goodwill of the business connected with the use of, and symbolized by, the items described in clause (i);
 - (iv) the right to sue third parties for past, present and future infringements of any Trademark Collateral described in clauses (i) and (ii); and

- (v) all proceeds of, and rights associated with, the foregoing, including any claim by any Obligor against third parties for past, present or future infringement or dilution of any Trademark, Trademark registration or Trademark licence, including any Trademark, Trademark registration or Trademark licence referred to in Item A and Item B of Schedule I attached hereto, or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark licence and all rights corresponding thereto throughout the world;
- (k) **“Trade Secrets Collateral”** means all common law and statutory trade secrets and all other confidential or proprietary or useful information (to the extent such confidential, proprietary or useful information is protected by an Obligor against disclosure and is not readily ascertainable) and all know-how obtained by or used in or contemplated at any time for use in the business of an Obligor (all of the foregoing being collectively called a **“Trade Secret”**), whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating or referring in any way to such Trade Secret, all Trade Secret licences, and including the right to sue for and to enjoin and to collect damages for the actual or threatened misappropriation of any Trade Secret and for the breach or enforcement of any such Trade Secret licence.

3. The fixed and specific mortgages and charges and the security interest granted under this Agreement secure payment and performance of all Secured Obligations.

4. Each Obligor hereby represents and warrants to the Purchaser as at the date of this Agreement and as at the date of the acquisition by an Obligor of Collateral (including any acquisition of Collateral after the date hereof) that:

- (a) such Obligor is: (i) duly incorporated, organized or formed and validly existing under the laws of the jurisdiction of incorporation, organization or formation; and (ii) registered or qualified to carry on business in the Province of Ontario and in each other jurisdiction in which it carries on business or owns, leases or operates Property, except, in the case of any such other jurisdiction, where failure to be so registered or qualified would not reasonably be expected to result in a Material Adverse Change;
- (b) such Obligor has the corporate, partnership or other constitutional power and capacity to own and operate its business, to enter into this Agreement and to do all acts and things as are required or contemplated hereunder or thereunder to be done, observed and performed by it;
- (c) such Obligor has taken all necessary corporate and other action to authorize the execution, delivery and performance of this Agreement;
- (d) this Agreement constitutes, or upon execution and delivery will thereupon and thereafter constitute, a valid and binding obligation of such Obligor, enforceable against it in accordance with its terms;

- (e) the security interest created by this Agreement, once properly perfected in accordance with Applicable Law, will be a valid first ranking security interest in the Collateral, subject to Permitted Liens;
- (f) the address of such Obligor's chief executive office, registered office and principal place of business where it keeps its records respecting the Proposed Receivables is that given at the end of this Agreement (except as updated from time to time in accordance with the terms of the Factoring Agreement); and
- (g) such Obligor has not granted "control" (within the meaning of such term under the STA) over any investment property forming part of the Collateral to any Person other than the Purchaser.

5. Until termination of the Factoring Agreement, each Obligor covenants with the Purchaser that it will comply with or perform, or cause to be complied with or performed, the following obligations:

- (a) such Obligor shall keep and maintain all Collateral owned by such Obligor, in good working order and condition, ordinary wear and tear excepted, as would a prudent owner of comparable Collateral, except where failure to do so would not reasonably be expected to have a material adverse effect;
- (b) such Obligor shall keep adequate records and books of account with respect to the Collateral in accordance with GAAP in which accurate and complete entries shall be made in accordance with GAAP reflecting all transactions reflected by GAAP;
- (c) such Obligor shall, upon request by the Purchaser, execute and deliver all such financing statements, certificates, further assignments and documents and do all such further acts and things as may be necessary and reasonably requested by the Purchaser to give effect to the intent of this Agreement;
- (d) upon the request of the Purchaser, such Obligor shall deliver to the Purchaser possession of all originals of all negotiable documents, instruments and chattel paper owned or held by such Obligor (duly endorsed in blank, if requested by the Purchaser);
- (e) if a Termination Event shall have occurred, at the written direction of the Purchaser, all proceeds of Collateral received by such Obligor shall be delivered in kind to the Purchaser to be distributed in accordance with the Factoring Agreement;
- (f) such Obligor shall not, unless such Obligor shall reasonably and in good faith determine that any of the Intellectual Property is not material to the business of such Obligor and has negligible economic value, intentionally do any act, or omit to do any act, whereby any of the Intellectual Property may lapse or become abandoned, dedicated to the public, placed in the public domain, invalid or unenforceable, as the case may be; and

- (g) such Obligor shall ensure that the representations and warranties set forth in Section 4 hereof will be true and correct at all times.

6. Following the occurrence of a Termination Event that has not been waived or cured, subject to the terms of the Factoring Agreement (i) the Purchaser may notify any parties obligated on any of the Collateral to make any payment to the Purchaser of any amounts due or to become due thereunder and enforce collection of any of the Collateral by suit or otherwise and surrender, release, or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby, (ii) upon written request of the Purchaser, each Obligor will, at its own expense, notify any parties obligated on any of the Collateral to make any payment to the Purchaser of any amounts due or to become due thereunder, and (iii) any payment or other proceeds received by an Obligor from any party obligated on any of the Collateral shall be held by such Obligor in trust for the Purchaser and paid over to the Purchaser on request.

7. Each Obligor agrees that, forthwith upon request by the Purchaser, from time to time at its own expense, each Obligor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary and reasonably requested by the Purchaser in order to perfect, preserve and protect any mortgages, charges and security interest granted or granted hereby or to enable the Purchaser to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, each Obligor will:

- (a) if reasonably requested by the Purchaser, mark conspicuously each chattel paper included in the Receivables with a legend, in form and substance satisfactory to the Purchaser, indicating that such document or chattel paper is subject to the security interest granted hereby;
- (b) if reasonably requested by the Purchaser, if any Receivable shall be evidenced by a promissory note or other instrument, negotiable document of title or chattel paper, deliver and pledge to the Purchaser hereunder such promissory note, instrument, negotiable document of title or chattel paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Purchaser;
- (c) execute and file such financing or financing change statements, or amendments thereto, and such other instruments or notices, as may be necessary and reasonably requested by the Purchaser in order to perfect and preserve the security interests and other rights granted or purported to be granted to the Purchaser hereby;
- (d) furnish to the Purchaser, from time to time at the Purchaser's reasonable request, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Purchaser may reasonably request, all in reasonable detail;
- (e) after a Termination Event, direct the issuer of any certificated securities included in or relating to the Collateral as the Purchaser may specify in its request to register

the applicable security certificate in the name of the Purchaser or such nominee as it may direct,

- (f) after a Termination Event, direct the issuer of any uncertificated securities included in or relating to the Collateral as the Purchaser may specify in its request to register in the books and records of such issuer the Purchaser or such nominee as it may direct as the registered owner of the uncertificated security; and
- (g) after a Termination Event, direct the securities intermediary for any security entitlements in respect of financial assets deposited in or credited to a securities account included in or relating to the Collateral as the Purchaser may specify in its request to transfer any or all of the financial assets to which such security entitlements relate as the Purchaser may specify,

and the Purchaser will be entitled but not bound or required to exercise any of the rights that any holder of the above may at any time have. The Purchaser will not be responsible for any loss occasioned by its exercise of such rights or by failure to exercise the same within the time limited for the exercise thereof other than any loss resulting from the gross negligence or wilful misconduct of the Purchaser.

With respect to the foregoing and the grant of the security interest hereunder, each Obligor hereby authorizes the Purchaser to file one or more financing or financing change statements, and amendments thereto, relative to all or any part of the Collateral without the signature of an Obligor where permitted by Applicable Law and, to the extent permitted by Applicable Law, waives all rights to receive from the Purchaser a copy of any financing statement, financing change statement, or verification statement, filed or issued at any time in respect of this Agreement. The Purchaser will provide notice to the applicable Obligor of the filing of financing or financing change statements and amendments thereto.

8. Upon an Obligor's failure to perform any of its duties hereunder the Purchaser may, but shall not be obliged to, perform any or all of such duties, without waiving any rights to enforce this Agreement, and such Obligor shall pay to the Purchaser, forthwith upon written demand therefor, an amount equal to the reasonable costs, fees and expenses incurred by the Purchaser in so doing plus interest thereon from the date such costs, fees and expenses are incurred until paid at the rate or rates set out in the Factoring Agreement.

9. Upon the occurrence of an Termination Event that has not been waived or cured and subject to the Factoring Agreement, the security hereby granted shall immediately become enforceable and the Purchaser may, in its sole discretion, forthwith or at any time thereafter:

- (a) declare any or all of the Secured Obligations not then due and payable to be immediately due and payable and, in such event, such Secured Obligations shall be forthwith due and payable to the Purchaser without presentment protest or notice of dishonour;
- (b) commence legal action to enforce payment or performance of the Secured Obligations;

- (c) require the Obligors to disclose to the Purchaser the location or locations of the Collateral and each Obligor agrees to make such disclosure when so required by the Purchaser;
- (d) require each Obligor, at such Obligor's sole expense, to assemble the Collateral and deliver or make the Collateral available at a place or places designated by the Purchaser to such Obligor that is reasonably convenient for such Obligor, and such Obligor agrees to so assemble, deliver or make available the Collateral;
- (e) enter any premises where the Collateral may be situate and take possession of the Collateral by any method permitted by Applicable Law;
- (f) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of an Obligor or otherwise and take such steps as it considers necessary to maintain, preserve or protect the Collateral;
- (g) seize, collect, realize or dispose of the Collateral by private sale, public sale, lease, or otherwise upon such terms and conditions as the Purchaser may determine or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and of such times as may seem to the Purchaser advisable;
- (h) subject to any required approval of any Governmental Authority, carry on all or any part of the business or businesses of each Obligor and may, to the exclusion of all others, enter upon, occupy and use all or any of such premises, buildings, plant, undertaking and other property of or used by each Obligor as part of or for such time and in such manner as the Purchaser sees fit, free of charge, and the Purchaser shall not be liable to the Obligors for any act, omission, or negligence (other than gross negligence or wilful misconduct) in so doing or for any rent, charges, depreciation, damages or other amount in connection therewith or resulting therefrom and any sums expended by the Purchaser shall bear interest at the rate or rates set out in the Factoring Agreement;
- (i) file such proofs of claim or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, winding-up, liquidation, dissolution or other proceedings (voluntary or otherwise) relating to an Obligor;
- (j) borrow money for the purpose of carrying on the business of an Obligor or for the maintenance, preservation or protection of the Collateral and mortgage, charge, pledge or grant a security interest in the Collateral, whether or not in priority to the security created herein, to secure repayment of any money so borrowed;
- (k) where the Collateral has been disposed of by the Purchaser as provided in Section 9(g) commence legal action against an Obligor for any deficiency;
- (l) pay or discharge any Lien (other than the Permitted Liens) or claims by any Person in the Collateral and the amount so paid shall be added to the Secured Obligations and secured hereby and shall bear interest at the highest rate of interest charged by

the Purchaser at that time in respect of any of the Secured Obligations until payment thereof;

- (m) take any other action, suit, remedy or proceeding authorized or permitted by this Agreement, the PPSA or by Applicable Law or equity;
- (n) to the extent permitted by Applicable Law, transfer any securities forming part of the Collateral into the name of the Purchaser or its nominee, with or without disclosing that the securities are subject to a security interest and cause the Purchaser or its nominee to become the entitlement holder with respect to any security entitlements forming part of the Collateral; and
- (o) sell, transfer or use any investment property included in the Collateral of which the Purchaser or its agent has "control" within the meaning of Section 22.1(2) of the PPSA.

10. Where required to do so by the PPSA or other Applicable Law, the Purchaser shall give to the applicable Obligor the written notice required by the PPSA or other Applicable Law of any intended disposition of the Collateral.

11. Any notice or communication to be given under this Agreement to an Obligor or the Purchaser shall be effective if given in accordance with the provisions of the Factoring Agreement as to the giving of notice to each, and the Obligors and the Purchaser may change their respective address for notices in accordance with the said provisions.

12. If the Purchaser is entitled to exercise its rights and remedies in accordance with Section 9 hereof, the Purchaser may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term shall include a receiver and manager) (each herein referred to as a "Receiver") of the Collateral or may by appointment in writing appoint any Person to be a Receiver of the Collateral and may remove any Receiver so appointed by the Purchaser and appoint another in its stead; and any such Receiver appointed by instrument in writing shall have powers of the Purchaser set out in Sections 9(b) to (l), inclusive, including, without limitation, the power (i) to take possession of the Collateral, (ii) to carry on the business of each Obligor, (iii) to borrow money required for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of each Obligor on the security of the Collateral in priority to the security interest created under this Agreement, and (iv) to sell, lease or otherwise dispose of the whole or any part of the Collateral at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the Receiver may determine; provided that, to the extent permitted and in the manner prescribed by law any such Receiver shall be deemed the agent of the Obligors and the Purchaser shall be in any way responsible for any misconduct or negligence of any such Receiver.

13. Any proceeds of any disposition of any Collateral may be applied by the Purchaser to the payment of reasonable expenses incurred in connection with retaking, holding, repairing, processing, preparing for disposition and disposing of the Collateral (including the remuneration of any Receiver appointed pursuant to Section 12, solicitor's fees on a solicitor and client full indemnity basis and legal expenses and any other expenses), and any balance of such proceeds

may be applied by the Purchaser towards the payment of the Secured Obligations in such order of application as the Purchaser may from time to time elect, subject to the provisions of the Factoring Agreement. All such expenses and all amounts borrowed on the security of the Collateral under Sections 9 and 12 hereof shall bear interest at the rate or rates set out in the Factoring Agreement. If the disposition of the Collateral fails to satisfy the Secured Obligations and the expenses incurred by the Purchaser, each Obligor shall be liable to pay any deficiency to the Purchaser on demand.

14. Subject to Applicable Law, the Purchaser is authorized, in connection with any offer or sale of any securities forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with Applicable Law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such securities. Subject to Applicable Law, the Purchaser will not be liable or accountable to an Obligor for any discount allowed by reason of the fact that such securities are sold in compliance with any such limitation or restriction.

15. Each Obligor further agrees that:

- (a) such Obligor shall not be discharged by any extension of time, additional advances, renewals and extensions, the taking of further security, releasing security, extinguishment of the security interest as to all or any part of the Collateral, or any other act except a release or discharge of the security interest upon the full payment of the Secured Obligations including reasonable charges, expenses, fees, costs and interest;
- (b) any failure by the Purchaser to exercise any right set out in this Agreement shall not constitute a waiver thereof; nothing in this Agreement or in the Secured Obligations shall preclude any other remedy by action or otherwise for the enforcement of this Agreement or the payment in full of the Secured Obligations;
- (c) the Purchaser may waive, in whole or in part, any breach by such Obligor of any of the provisions of this Agreement, any default by such Obligor in payment or performance of any of the Secured Obligations or any of its rights and remedies, whether provided for herein or otherwise, provided that no such waiver shall be effective unless given by the Purchaser to such Obligor in writing;
- (d) no waiver given in accordance with Section 15(c) shall be a waiver of any other or subsequent breach by such Obligor of any of the provisions of this Agreement, of any other or subsequent default by such Obligor in payment or performance of any of the Secured Obligations or any of the rights and remedies of the Purchaser, whether provided for herein or otherwise;
- (e) all rights of the Purchaser hereunder shall be assignable to the extent permitted under the Factoring Agreement;

- (f) the Lien created by this Agreement is intended to attach when this Agreement is signed by each Obligor with respect to all items of Collateral in which each Obligor has rights at that moment, and shall attach to all other Collateral immediately upon an Obligor acquiring any rights therein; and
- (g) value has been given;
- (h) the *Land Contract (Actions) Act* (Saskatchewan) shall have no application to any action, as defined in that Act, with respect to this Agreement; and
- (i) the *Limitation of Civil Rights Act* (Saskatchewan) shall have no application to this Agreement or any agreement renewing, extending or collateral to this Agreement.

16. Each Obligor acknowledges having received an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

17. Upon the occurrence of a Termination Event, each Obligor hereby irrevocably constitutes and appoints the Purchaser and each of its officers holding office from time to time as the true and lawful attorney of such Obligor with power of substitution in the name of such Obligor, to do any and all such acts and things or execute and deliver all such agreements, documents and instruments as the Purchaser, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise any of its rights and remedies hereunder, and to do all acts or things necessary to realize or collect the proceeds, including, without limitation:

- (a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;
- (b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above;
- (c) to file any claims or take any action or institute any proceedings which the Purchaser may reasonably deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Purchaser with respect to any of the Collateral; and
- (d) to perform the affirmative obligations of such Obligor hereunder.

Each Obligor hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section is irrevocable (until termination of the security interest hereunder) and coupled with an interest. Each Obligor hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with this Section. The Purchaser agrees that it shall not exercise the power of attorney granted pursuant to this Section 17 unless a Termination Event has occurred and is continuing.

18. The powers conferred on the Purchaser hereunder are solely to protect its interests in the Collateral and shall not impose any duty on the Purchaser to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Purchaser shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

19. Notwithstanding any other term or condition of this Agreement, this Agreement shall not relieve the Obligor or any other party to any of the Collateral from the observance or performance of any term, covenant, condition or agreement on its part to be observed or performed thereunder or from any liability to any other party or parties thereto or impose any obligation on the Purchaser to observe or perform any such term, covenant, condition or agreement to be so observed or performed, and each Obligor hereby agrees to indemnify and hold harmless the Purchaser from and against any and all losses, liabilities (including liabilities for penalties), costs and expenses which may be incurred by the Purchaser in connection with the Collateral and from all claims, alleged obligation or undertaking on its part to observe, perform or discharge any of the terms, covenants and agreements contained in the Collateral. The Purchaser may, at its option, perform any term, covenant, condition or agreement on the part of an Obligor to be performed under or in respect of the Collateral (and/or enforce any of the rights of an Obligor in respect thereof) without thereby waiving any rights to enforce this Agreement. Nothing contained in this Section 19 shall be deemed to constitute the Purchaser the mortgagee in possession of the Collateral or the lessee under any lease or agreement to lease unless the Purchaser has agreed to become such mortgagee in possession or to be a lessee.

20. All rights of the Purchaser hereunder shall enure to the benefit of its respective successors and permitted assigns, provided that the Purchaser shall not be entitled to transfer or assign any of its right, title or interest in, to, or arising under this Agreement except in accordance with the provisions governing assignment contained in the Factoring Agreement and all obligations of each Obligor hereunder shall bind such Obligor and its successors and assigns.

21. Each Obligor, as applicable, acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the security interest created hereby (i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation, such that the term the "Obligors" when used herein would apply to each of the amalgamating corporations and the amalgamated corporation and (ii) shall secure the "Secured Obligations" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Purchaser at the time of amalgamation and any "Secured Obligations" of the amalgamated corporation to the Purchaser thereafter arising. The security interest shall attach to the additional "Collateral" at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

22. Except as otherwise specifically provided, this Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each Obligor agrees that any suit, action or proceeding arising out of or relating to this

Agreement against it or any of its assets may be brought in any court of the Province of Ontario and the parties hereto hereby irrevocably and unconditionally attorn and submit to the non-exclusive jurisdiction of such court over the subject matter of any such suit, action or proceeding. Each Obligor irrevocably waives and agrees not to raise any objection it might now or hereafter have to any such suit, action or proceeding in any such court including, without limitation, any objection that the place where such court is located is an inconvenient forum or that there is any other suit, action or proceeding in any other place relating in whole or in part to the same subject matter. Each Obligor agrees that any judgment or order in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon it and consents to any such judgment or order being recognized and enforced in the courts of its jurisdiction of incorporation or any other courts, by registration or homologation of such judgment or order, by a suit, action or proceeding upon such judgment or order, or any other means available for enforcement of judgments or orders. Nothing in this Section shall restrict the bringing of any such suit, action or proceeding in the courts of any other jurisdiction.

23. In the event of any conflict between the provisions hereunder and the provisions of the Factoring Agreement then, notwithstanding anything contained in this Agreement, the provisions contained in the Factoring Agreement shall prevail and the provisions of this Agreement will be deemed to be amended to the extent necessary to eliminate such conflict. If any act or omission of an Obligor is expressly permitted under the Factoring Agreement but is expressly prohibited hereunder, such act or omission shall be permitted. If any act or omission is expressly prohibited hereunder, but the Factoring Agreement does not expressly permit such act or omission, or if any act is expressly required to be performed hereunder but the Factoring Agreement does not expressly relieve an Obligor from such performance, such circumstance shall not constitute a conflict between the applicable provisions hereunder and the provisions of the Factoring Agreement.

24. This Agreement and the security interest, assignment and mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Purchaser and this Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Purchaser.

25. The Obligors will not be discharged from this Agreement except upon satisfaction in full of all Secured Obligations and the termination of the Factoring Agreement and at the expense of the Obligors, the Purchaser will execute and deliver to the Obligors such releases and discharges as the Obligors may reasonably require.

26. Notwithstanding the provisions of Sections 24 and 25 hereof, this Agreement shall be reinstated if at any time following the termination of this Agreement under Section 24 or 25 hereof, the performance by the Obligors hereunder or under the Factoring Agreement is set aside upon the insolvency, bankruptcy, reorganization, dissolution or liquidation of an Obligor or otherwise. Such period of reinstatement shall continue until satisfaction of the conditions contained in, and shall continue to be subject to, the provisions of Sections 24, 25 and 26 hereof.

27. If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part

thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

28. Each Obligor hereby waives the right to receive a copy of any financing statement or financing change statement, or any statement issued by any registry that confirms the registration of a financing statement or financing change statement, relating to this Agreement, the Factoring Agreement or any other agreement between an Obligor and the Purchaser or any of them.

29. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy or PDF), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

[Signature page follows]

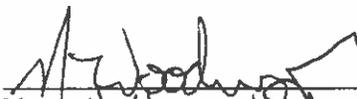
IN WITNESS WHEREOF the parties have executed this Agreement as of the first date set out above.

JAMES E. WAGNER CULTIVATION CORPORATION, as an Obligor

By: 
Name: Nathan Woodworth
Title: CEO

By: 
Name: James den Ouden
Title: CFO

JAMES E. WAGNER CULTIVATION LTD., as an Obligor

By: 
Name: Nathan Woodworth
Title: CEO

By: 
Name: James den Ouden
Title: CFO

JWC 1 LTD., as an Obligor

By: *Nathan Woodworth,*
6832A326897340780525AE86C621B68C contractworks
Name: Nathan Woodworth
Title: President

By: _____
Name:
Title:

JWC 2 LTD., as an Obligor

By: *Nathan Woodworth,*
6832A326897340780525AE86C621B68C contractworks
Name: Nathan Woodworth
Title: President

By: _____
Name:
Title:

JWC SUPPLY LTD., as an Obligor

By: *Nathan Woodworth,*
6832A326897340780525AE86C621B68C contractworks
Name: Nathan Woodworth
Title: President

By: _____
Name:
Title:

GROWTHSTORM INC., as an Obligor

Nathan Woodworth,

By:

6832A3268973487B0525AE86C621B68C contractworks

Name: Nathan Woodworth
Title: President

By:

Name:

Title:

TRICHOME FINANCIAL CORP., as Purchaser

By: 
Name: Michael Ruscetta
Title: Chief Financial Officer

By: _____
Name:
Title:

SCHEDULE I
to
GENERAL SECURITY AGREEMENT

Item A. Trademarks & Pending Trademark Applications

Trade Mark	Serial No.	Filing Date	Status
Tempest Trimmer	1909674	2018-07-16	Formalized
GROWTHSTORM	1867310	2017-11-10	Searched
JAMES E. WAGNER CULTIVATION & Design	1867687	2017-11-14	Searched
JWC & Leaf Design	1867688	2017-11-14	Searched
GrowthSTORM Dual Droplet	1943261	2019-01-29	Formalized
DUAL DROPLET SYSTEM & Design	1950111	2019-03-07	Formalized
DUAL DROPLET SYSTEM GROWTHSTORM & Design	1950112	2019-03-07	Formalized

European Union Trademark Registration No. 018009946 for Tempest Trimmer (June 28, 2019)

European Union Trademark Application No. 018101106 for GrowthSTORM Dual Droplet (July 29, 2019)

South African Trademark Application 2019/21206 for GrowthSTORM Dual Droplet (July 29, 2019)

Item B. Trademark Licences

Nil.

Item C. Patents & Pending Patent Applications

Patent Title	Patent No.	Filing Date	Status
AEROPONIC SYSTEMS AND METHODS FOR GROWING PLANTS	CA 2996234	2018-02-23	Application
APPARATUS AND METHOD FOR TRIMMING PLANTS	CA 2997989	2018-03-12	Application
DUAL DROPLET AEROPONIC SYSTEMS AND METHODS FOR GROWING PLANTS	CA 0325110	2018-11-23	Application

International Application No. CA2019050202 for Aeroponic Systems and Methods for Growing Plants (August 29, 2019)

International Application No. CA2019050269 for Apparatus and Method for Trimming Plants (September 19, 2019)

Item D. Copyrights & Pending Copyright Applications

Nil.

Item E. Trade Secrets

Nil.

Item F. Industrial Designs

Nil.

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

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

March 31, 2020

VIA EMAIL (nathan@jwc.ca)

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

Attention: Nathan Woodworth

Dear Sirs/Mesdames:

Re: Amended and Restated Loan Agreement made as of November 6, 2019, between Trichome Financial Corp. (the “Lender”), as lender, James E. Wagner Cultivation Corporation (the “Borrower”), as borrower, and James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”), as guarantors (as amended, the “Loan Agreement”) and the other Security Documents (as such term is defined in Schedule “A” hereto)

We are lawyers for the Lender. We refer to the Security Documents. Unless otherwise defined, capitalized terms used herein have the meanings attributed to such terms in the Loan Agreement.

Events of default and other similar events have occurred under the Loan Agreement and the other Security Documents, including, without limitation: (a) the Borrower’s admission of its inability, and the inability of the Guarantors, to pay its debts generally as they become due and the Borrower’s acknowledgement of its insolvency and (b) the occurrence of a Material Adverse Effect, namely, a material adverse effect upon (i) the financial condition, assets, business, future prospects and/or operations of the Borrower and the Guarantors, taken as a whole, (ii) the ability of the Borrower and the Guarantors to perform their obligations under the Loan Agreement and/or the other Security Documents, and (iii) the Collateral. This is a non-exhaustive list of events of default and other similar events under the Security Documents. One or more of the foregoing events of default and other similar events are Events of Default, Defaults and/or acceleration events under the Security Documents and are continuing as of the date hereof. Where notice of such events of default and other similar events is required under the Security Documents and has not previously been provided by the Lender to the Borrower, this letter shall constitute such notice.

Pursuant to the Loan Agreement, upon the occurrence of an Event of Default, the Lender may in its sole and absolute discretion, among other things, demand payment of the Loans and/or any

of the other Obligations (which includes the Secured Obligations, as such term is defined in the GSA), either in whole or in part, demand the amounts payable and enforce the provisions of any one or more of the Security Documents. Pursuant to the GSA, upon the occurrence of an Event of Default, the full amount of the Secured Obligations shall, at the option of the Lender, become due and payable whereupon the security interest(s) shall immediately be enforceable by the Lender, among other things. The other Security Documents provide the Lender with similar rights.

Pursuant to the relevant provisions of the Security Documents, including, without limitation, the Loan Agreement and the GSA, the Lender hereby declares all Obligations, including the Secured Obligations, immediately due and payable in full and hereby demands payment thereof. The Lender hereby implements the default interest rate contemplated in the Loan Agreement. Payment of the Obligations may be made to:

Trichome Financial Corp.
150 King Street West, Suite 213
Toronto, ON M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

As at March 31, 2020, the aggregate amount of the Obligations is \$7,576,296. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper. The exact amount of the Obligations may be obtained at any time by contacting the Lender or the undersigned.

Enclosed is a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). Please be advised that if payment as aforesaid is not made, the Lender will take such further steps as it deems necessary to recover all Obligations, and other amounts owed to the Lender under the Security Documents. This letter further informs you that the Lender hereby expressly reserves all available rights, remedies and claims in their entirety, any of which may be exercised or otherwise pursued at any time, and from time to time, and without further notice to you, in the sole and absolute discretion of the Lender, as the case may be, in accordance with the Security Documents, or at law and in equity.

Yours truly,

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By: 

Name: Scott Bomhof
Title: Partner

Schedule "A"

Security Documents

- a) Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender (the "GSA")
- b) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- c) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- d) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- e) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- f) Transfer Power re JWC Ltd shares, executed by the Borrower
- g) Transfer Power re JWC 1 shares, executed by the Borrower
- h) Transfer Power re JWC 2 shares, executed by the Borrower
- i) Transfer Power re JWC Supply shares, executed by the Borrower
- j) Transfer Power re Growthshare shares, executed by the Borrower
- k) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- l) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- m) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- n) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- o) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- p) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- q) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender
- r) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP ("**Lind**") and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- s) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with the Loan Agreement and all other agreements and security documents related to the foregoing, collectively, the "Security Documents")

**NOTICE OF INTENTION TO
ENFORCE A SECURITY**
(Rule 124)
(Pursuant to Subsection 244(1)
of the *Bankruptcy and Insolvency Act*)

TO:

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

Attention: Nathan Woodworth

TAKE NOTICE THAT:

1. Trichome Financial Corp. (the “Lender”), a secured creditor, intends to enforce its security on the insolvent person’s property, including, without limitation, as described below:
 - (a) All “Collateral” of the insolvent person, as such term is defined in the Omnibus General Security Agreement made as of February 19, 2019, by James E. Wagner Cultivation Corporation (the “Borrower”), James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”) in favour of the Lender.
 - (b) All property and collateral that was assigned, transferred, pledged, granted, mortgaged, charged and/or similarly secured pursuant to the Security Documents (as such term is defined below).
 - (c) All property and collateral against which the security interests bearing Reference File Nos. 756761418 and 748423161 have been registered pursuant to the *Personal Property Security Act* (Ontario).
2. The security that is to be enforced is the following:
 - (a) Amended and Restated Loan Agreement made as of November 6, 2019, between the Lender, as lender, the Borrower, as borrower, and the Guarantors, as guarantors

- (b) The Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (c) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (d) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (e) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (f) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (g) Transfer Power re JWC Ltd shares, executed by the Borrower
- (h) Transfer Power re JWC 1 shares, executed by the Borrower
- (i) Transfer Power re JWC 2 shares, executed by the Borrower
- (j) Transfer Power re JWC Supply shares, executed by the Borrower
- (k) Transfer Power re Growthshare shares, executed by the Borrower
- (l) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- (m) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- (n) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- (o) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- (p) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- (q) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- (r) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender

- (s) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP (“Lind”) and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- (t) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

3. The total amount of indebtedness secured by the security is \$7,576,296, as at March 31, 2020. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement. A Consent is included herewith as Schedule “A”.

[Remainder of this page intentionally left blank]

Dated at Toronto, Ontario this 31 day of March, 2020.

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By:



Name: Scott Bomhof

Title: Partner

Schedule "A"

CONSENT

TO: Trichome Financial Corp.

FROM: James E. Wagner Cultivation Corporation, an insolvent person

The insolvent person acknowledges receipt of a Notice of Intention to Enforce Security delivered by Trichome Financial Corp. (the "Lender").

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the insolvent person hereby consents to the immediate enforcement by the Lender of the security held by the Lender from the insolvent person, and for the same consideration waives completely all rights to any delay by or any further notice from the Lender with respect to the enforcement of its security and the exercise of the other remedies of the Lender against the insolvent person.

DATED at _____ this ____ day of _____, 2020.

**JAMES E. WAGNER
CULTIVATION CORPORATION**

Per: _____
Name:
Title:

I have the authority to bind the corporation.

March 31, 2020

VIA EMAIL (nathan@jwc.ca)

JWC 2 Ltd.
530 Trillium Drive
Kitchener, ON
N2R 1J4

Attention: Nathan Woodworth

Dear Sirs/Mesdames:

Re: Amended and Restated Loan Agreement made as of November 6, 2019, between Trichome Financial Corp. (the “Lender”), as lender, James E. Wagner Cultivation Corporation (the “Borrower”), as borrower, and James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”), as guarantors (as amended, the “Loan Agreement”) and the other Security Documents (as such term is defined in Schedule “A” hereto)

We are lawyers for the Lender. We refer to the Security Documents. Unless otherwise defined, capitalized terms used herein have the meanings attributed to such terms in the Loan Agreement.

Enclosed is the Lender’s demand letter to the Borrower dated March 31, 2020, declaring all Obligations and Secured Obligations (as such term is defined in the GSA) immediately due and payable in full and demanding payment thereof (along with a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada)).

Pursuant to the Loan Agreement, you irrevocably, absolutely and unconditionally guaranteed to the Lenders the payment of the Guaranteed Obligations (which includes the Secured Obligations, as such term is defined in the GSA). Your liability to make payment under the Loan Agreement arises forthwith after demand for payment has been given to you. Accordingly, pursuant to the Loan Agreement, the GSA and the other Security Documents, the Lender hereby demands payment of the Guaranteed Obligations, including the Secured Obligations. Payment of the Guarantee Obligations may be made to:

Trichome Financial Corp.
150 King Street West, Suite 213
Toronto, ON M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

As at March 31, 2020, the aggregate amount of the Guaranteed Obligations is \$7,576,296. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper. The exact amount of the Obligations may be obtained at any time by contacting the Lender or the undersigned.

Enclosed is a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). Please be advised that if payment as aforesaid is not made, the Lender will take such further steps as it deems necessary to recover all Guaranteed Obligations, and other amounts owed to the Lender under the Security Documents. This letter further informs you that the Lender hereby expressly reserves all available rights, remedies and claims in their entirety, any of which may be exercised or otherwise pursued at any time, and from time to time, and without further notice to you, in the sole and absolute discretion of the Lender, as the case may be, in accordance with the Security Documents, or at law and in equity.

Yours truly,

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By:



Name: Scott Boryhof

Title: Partner

Schedule “A”

Security Documents

- a) Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender (the “GSA”)
- b) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- c) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- d) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- e) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- f) Transfer Power re JWC Ltd shares, executed by the Borrower
- g) Transfer Power re JWC 1 shares, executed by the Borrower
- h) Transfer Power re JWC 2 shares, executed by the Borrower
- i) Transfer Power re JWC Supply shares, executed by the Borrower
- j) Transfer Power re Growthshare shares, executed by the Borrower
- k) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- l) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- m) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- n) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- o) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- p) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- q) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender
- r) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP (“Lind”) and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- s) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with the Loan Agreement and all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

**NOTICE OF INTENTION TO
ENFORCE A SECURITY**
(Rule 124)
(Pursuant to Subsection 244(1)
of the *Bankruptcy and Insolvency Act*)

TO:

JWC 2 Ltd., an insolvent person
530 Trillium Drive
Kitchener, ON
N2R 1J4

Attention: Nathan Woodworth

TAKE NOTICE THAT:

1. Trichome Financial Corp. (the “Lender”), a secured creditor, intends to enforce its security on the insolvent person’s property, including, without limitation, as described below:
 - (a) All “Collateral” of the insolvent person, as such term is defined in the Omnibus General Security Agreement made as of February 19, 2019, by James E. Wagner Cultivation Corporation (the “Borrower”), James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”) in favour of the Lender.
 - (b) All property and collateral that was assigned, transferred, pledged, granted, mortgaged, charged and/or similarly secured pursuant to the Security Documents (as such term is defined below).
 - (c) All property and collateral against which the security interests bearing Reference File Nos. 748423314 and 756761517 have been registered pursuant to the *Personal Property Security Act* (Ontario).
2. The security that is to be enforced is the following:
 - (a) Amended and Restated Loan Agreement made as of November 6, 2019, between the Lender, as lender, the Borrower, as borrower, and the Guarantors, as guarantors

- (b) The Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (c) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (d) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (e) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (f) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (g) Transfer Power re JWC Ltd shares, executed by the Borrower
- (h) Transfer Power re JWC 1 shares, executed by the Borrower
- (i) Transfer Power re JWC 2 shares, executed by the Borrower
- (j) Transfer Power re JWC Supply shares, executed by the Borrower
- (k) Transfer Power re Growthshare shares, executed by the Borrower
- (l) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- (m) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- (n) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- (o) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- (p) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- (q) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- (r) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender

- (s) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP (“Lind”) and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- (t) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

3. The total amount of indebtedness secured by the security is \$7,576,296, as at March 31, 2020. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement. A Consent is included herewith as Schedule “A”.

[Remainder of this page intentionally left blank]

Dated at Toronto, Ontario this 31 day of March, 2020.

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By: _____

A handwritten signature in blue ink, appearing to read "Scott Bomhof", is written over a horizontal line. The signature is fluid and cursive.

Name: Scott Bomhof

Title: Partner

Schedule "A"

CONSENT

TO: Trichome Financial Corp.

FROM: JWC 2 Ltd., an insolvent person

The insolvent person acknowledges receipt of a Notice of Intention to Enforce Security delivered by Trichome Financial Corp. (the "Lender").

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the insolvent person hereby consents to the immediate enforcement by the Lender of the security held by the Lender from the insolvent person, and for the same consideration waives completely all rights to any delay by or any further notice from the Lender with respect to the enforcement of its security and the exercise of the other remedies of the Lender against the insolvent person.

DATED at _____ this _____ day of _____, 2020.

JWC 2 Ltd.

Per: _____
Name:
Title:

I have the authority to bind the corporation.

March 31, 2020

VIA EMAIL (nathan@jwc.ca)

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

Attention: Nathan Woodworth

Dear Sirs/Mesdames:

Re: Amended and Restated Loan Agreement made as of November 6, 2019, between Trichome Financial Corp. (the “Lender”), as lender, James E. Wagner Cultivation Corporation (the “Borrower”), as borrower, and James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”), as guarantors (as amended, the “Loan Agreement”) and the other Security Documents (as such term is defined in Schedule “A” hereto)

We are lawyers for the Lender. We refer to the Security Documents. Unless otherwise defined, capitalized terms used herein have the meanings attributed to such terms in the Loan Agreement.

Events of default and other similar events have occurred under the Loan Agreement and the other Security Documents, including, without limitation: (a) the Borrower’s admission of its inability, and the inability of the Guarantors, to pay its debts generally as they become due and the Borrower’s acknowledgement of its insolvency and (b) the occurrence of a Material Adverse Effect, namely, a material adverse effect upon (i) the financial condition, assets, business, future prospects and/or operations of the Borrower and the Guarantors, taken as a whole, (ii) the ability of the Borrower and the Guarantors to perform their obligations under the Loan Agreement and/or the other Security Documents, and (iii) the Collateral. This is a non-exhaustive list of events of default and other similar events under the Security Documents. One or more of the foregoing events of default and other similar events are Events of Default, Defaults and/or acceleration events under the Security Documents and are continuing as of the date hereof. Where notice of such events of default and other similar events is required under the Security Documents and has not previously been provided by the Lender to the Borrower, this letter shall constitute such notice.

Pursuant to the Loan Agreement, upon the occurrence of an Event of Default, the Lender may in its sole and absolute discretion, among other things, demand payment of the Loans and/or any

of the other Obligations (which includes the Secured Obligations, as such term is defined in the GSA), either in whole or in part, demand the amounts payable and enforce the provisions of any one or more of the Security Documents. Pursuant to the GSA, upon the occurrence of an Event of Default, the full amount of the Secured Obligations shall, at the option of the Lender, become due and payable whereupon the security interest(s) shall immediately be enforceable by the Lender, among other things. The other Security Documents provide the Lender with similar rights.

Pursuant to the relevant provisions of the Security Documents, including, without limitation, the Loan Agreement and the GSA, the Lender hereby declares all Obligations, including the Secured Obligations, immediately due and payable in full and hereby demands payment thereof. The Lender hereby implements the default interest rate contemplated in the Loan Agreement. Payment of the Obligations may be made to:

Trichome Financial Corp.
150 King Street West, Suite 213
Toronto, ON M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

As at March 31, 2020, the aggregate amount of the Obligations is \$7,576,296. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper. The exact amount of the Obligations may be obtained at any time by contacting the Lender or the undersigned.

Enclosed is a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). Please be advised that if payment as aforesaid is not made, the Lender will take such further steps as it deems necessary to recover all Obligations, and other amounts owed to the Lender under the Security Documents. This letter further informs you that the Lender hereby expressly reserves all available rights, remedies and claims in their entirety, any of which may be exercised or otherwise pursued at any time, and from time to time, and without further notice to you, in the sole and absolute discretion of the Lender, as the case may be, in accordance with the Security Documents, or at law and in equity.

Yours truly,

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By:


Name: Scott Bomhof
Title: Partner

Schedule "A"

Security Documents

- a) Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender (the "GSA")
- b) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- c) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- d) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- e) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- f) Transfer Power re JWC Ltd shares, executed by the Borrower
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- h) Transfer Power re JWC 2 shares, executed by the Borrower
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- n) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- o) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
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- q) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender
- r) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP ("Lind") and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- s) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with the Loan Agreement and all other agreements and security documents related to the foregoing, collectively, the "Security Documents")

**NOTICE OF INTENTION TO
ENFORCE A SECURITY**
(Rule 124)
(Pursuant to Subsection 244(1)
of the *Bankruptcy and Insolvency Act*)

TO:

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

Attention: Nathan Woodworth

TAKE NOTICE THAT:

1. Trichome Financial Corp. (the “Lender”), a secured creditor, intends to enforce its security on the insolvent person’s property, including, without limitation, as described below:
 - (a) All “Collateral” of the insolvent person, as such term is defined in the Omnibus General Security Agreement made as of February 19, 2019, by James E. Wagner Cultivation Corporation (the “Borrower”), James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”) in favour of the Lender.
 - (b) All property and collateral that was assigned, transferred, pledged, granted, mortgaged, charged and/or similarly secured pursuant to the Security Documents (as such term is defined below).
 - (c) All property and collateral against which the security interests bearing Reference File Nos. 756761418 and 748423161 have been registered pursuant to the *Personal Property Security Act* (Ontario).
2. The security that is to be enforced is the following:
 - (a) Amended and Restated Loan Agreement made as of November 6, 2019, between the Lender, as lender, the Borrower, as borrower, and the Guarantors, as guarantors

- (b) The Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (c) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (d) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (e) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (f) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (g) Transfer Power re JWC Ltd shares, executed by the Borrower
- (h) Transfer Power re JWC 1 shares, executed by the Borrower
- (i) Transfer Power re JWC 2 shares, executed by the Borrower
- (j) Transfer Power re JWC Supply shares, executed by the Borrower
- (k) Transfer Power re Growthshare shares, executed by the Borrower
- (l) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- (m) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- (n) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- (o) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- (p) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- (q) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- (r) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender

- (s) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP (“Lind”) and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- (t) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

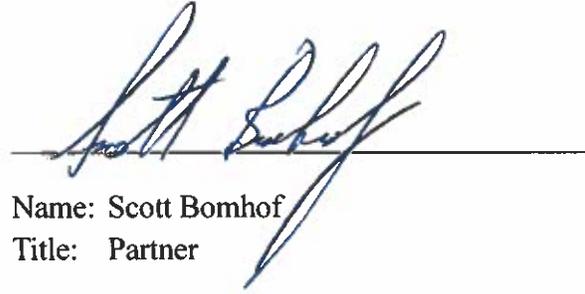
3. The total amount of indebtedness secured by the security is \$7,576,296, as at March 31, 2020. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement. A Consent is included herewith as Schedule “A”.

[Remainder of this page intentionally left blank]

Dated at Toronto, Ontario this 31 day of March, 2020.

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By: _____

A handwritten signature in blue ink, appearing to read "Scott Bomhof", is written over a horizontal line. The signature is fluid and cursive.

Name: Scott Bomhof

Title: Partner

Schedule "A"

CONSENT

TO: Trichome Financial Corp.

FROM: James E. Wagner Cultivation Corporation, an insolvent person

The insolvent person acknowledges receipt of a Notice of Intention to Enforce Security delivered by Trichome Financial Corp. (the "Lender").

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the insolvent person hereby consents to the immediate enforcement by the Lender of the security held by the Lender from the insolvent person, and for the same consideration waives completely all rights to any delay by or any further notice from the Lender with respect to the enforcement of its security and the exercise of the other remedies of the Lender against the insolvent person.

DATED at _____ this ____ day of _____, 2020.

**JAMES E. WAGNER
CULTIVATION CORPORATION**

Per: _____
Name:
Title:

I have the authority to bind the corporation.

March 31, 2020

VIA EMAIL (nathan@jwc.ca)

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

Attention: Nathan Woodworth

Dear Sirs/Mesdames:

Re: Amended and Restated Loan Agreement made as of November 6, 2019, between Trichome Financial Corp. (the “Lender”), as lender, James E. Wagner Cultivation Corporation (the “Borrower”), as borrower, and James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”), as guarantors (as amended, the “Loan Agreement”) and the other Security Documents (as such term is defined in Schedule “A” hereto)

We are lawyers for the Lender. We refer to the Security Documents. Unless otherwise defined, capitalized terms used herein have the meanings attributed to such terms in the Loan Agreement.

Enclosed is the Lender’s demand letter to the Borrower dated March 31, 2020, declaring all Obligations and Secured Obligations (as such term is defined in the GSA) immediately due and payable in full and demanding payment thereof (along with a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada)).

Pursuant to the Loan Agreement, you irrevocably, absolutely and unconditionally guaranteed to the Lenders the payment of the Guaranteed Obligations (which includes the Secured Obligations, as such term is defined in the GSA). Your liability to make payment under the Loan Agreement arises forthwith after demand for payment has been given to you. Accordingly, pursuant to the Loan Agreement, the GSA and the other Security Documents, the Lender hereby demands payment of the Guaranteed Obligations, including the Secured Obligations. Payment of the Guarantee Obligations may be made to:

Trichome Financial Corp.
150 King Street West, Suite 213
Toronto, ON M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

As at March 31, 2020, the aggregate amount of the Guaranteed Obligations is \$7,576,296. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper. The exact amount of the Obligations may be obtained at any time by contacting the Lender or the undersigned.

Enclosed is a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). Please be advised that if payment as aforesaid is not made, the Lender will take such further steps as it deems necessary to recover all Guaranteed Obligations, and other amounts owed to the Lender under the Security Documents. This letter further informs you that the Lender hereby expressly reserves all available rights, remedies and claims in their entirety, any of which may be exercised or otherwise pursued at any time, and from time to time, and without further notice to you, in the sole and absolute discretion of the Lender, as the case may be, in accordance with the Security Documents, or at law and in equity.

Yours truly,

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By:


Name: Scott Bomhof
Title: Partner

SB

Schedule "A"

Security Documents

- a) Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender (the "GSA")
- b) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- c) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- d) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- e) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- f) Transfer Power re JWC Ltd shares, executed by the Borrower
- g) Transfer Power re JWC 1 shares, executed by the Borrower
- h) Transfer Power re JWC 2 shares, executed by the Borrower
- i) Transfer Power re JWC Supply shares, executed by the Borrower
- j) Transfer Power re Growthshare shares, executed by the Borrower
- k) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- l) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- m) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- n) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- o) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- p) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- q) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender
- r) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP ("Lind") and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- s) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with the Loan Agreement and all other agreements and security documents related to the foregoing, collectively, the "Security Documents")

**NOTICE OF INTENTION TO
ENFORCE A SECURITY**
(Rule 124)
(Pursuant to Subsection 244(1)
of the *Bankruptcy and Insolvency Act*)

TO:

James E. Wagner Cultivation Ltd., an insolvent person
530 Trillium Drive
Kitchener, ON
N2R 1J4

Attention: Nathan Woodworth

TAKE NOTICE THAT:

1. Trichome Financial Corp. (the “Lender”), a secured creditor, intends to enforce its security on the insolvent person’s property, including, without limitation, as described below:
 - (a) All “Collateral” of the insolvent person, as such term is defined in the Omnibus General Security Agreement made as of February 19, 2019, by James E. Wagner Cultivation Corporation (the “Borrower”), James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”) in favour of the Lender.
 - (b) All property and collateral that was assigned, transferred, pledged, granted, mortgaged, charged and/or similarly secured pursuant to the Security Documents (as such term is defined below).
 - (c) All property and collateral against which the security interests bearing Reference File Nos. 756761436 and 748423206 have been registered pursuant to the *Personal Property Security Act* (Ontario).
2. The security that is to be enforced is the following:
 - (a) Amended and Restated Loan Agreement made as of November 6, 2019, between the Lender, as lender, the Borrower, as borrower, and the Guarantors, as guarantors

- (b) The Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (c) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (d) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
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- (j) Transfer Power re JWC Supply shares, executed by the Borrower
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- (r) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender

- (s) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP (“Lind”) and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- (t) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

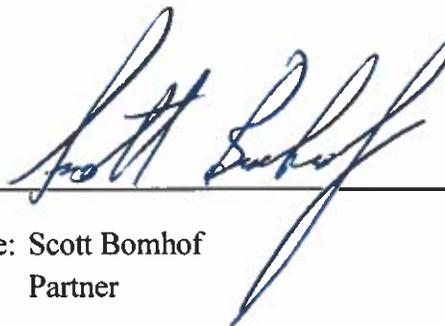
3. The total amount of indebtedness secured by the security is \$7,576,296, as at March 31, 2020. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement. A Consent is included herewith as Schedule “A”.

[Remainder of this page intentionally left blank]

Dated at Toronto, Ontario this 31 day of March, 2020.

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By: _____

A handwritten signature in blue ink, appearing to read "Scott Bomhof", is written over a horizontal line. The signature is stylized and cursive.

Name: Scott Bomhof

Title: Partner

Schedule "A"

CONSENT

TO: Trichome Financial Corp.

FROM: James E. Wagner Cultivation Ltd., an insolvent person

The insolvent person acknowledges receipt of a Notice of Intention to Enforce Security delivered by Trichome Financial Corp. (the "Lender").

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the insolvent person hereby consents to the immediate enforcement by the Lender of the security held by the Lender from the insolvent person, and for the same consideration waives completely all rights to any delay by or any further notice from the Lender with respect to the enforcement of its security and the exercise of the other remedies of the Lender against the insolvent person.

DATED at _____ this _____ day of _____, 2020.

**JAMES E. WAGNER
CULTIVATION LTD.**

Per: _____
Name:
Title:

I have the authority to bind the corporation.

March 31, 2020

VIA EMAIL (nathan@jwc.ca)

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

Attention: Nathan Woodworth

Dear Sirs/Mesdames:

Re: Amended and Restated Loan Agreement made as of November 6, 2019, between Trichome Financial Corp. (the “Lender”), as lender, James E. Wagner Cultivation Corporation (the “Borrower”), as borrower, and James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”), as guarantors (as amended, the “Loan Agreement”) and the other Security Documents (as such term is defined in Schedule “A” hereto)

We are lawyers for the Lender. We refer to the Security Documents. Unless otherwise defined, capitalized terms used herein have the meanings attributed to such terms in the Loan Agreement.

Events of default and other similar events have occurred under the Loan Agreement and the other Security Documents, including, without limitation: (a) the Borrower’s admission of its inability, and the inability of the Guarantors, to pay its debts generally as they become due and the Borrower’s acknowledgement of its insolvency and (b) the occurrence of a Material Adverse Effect, namely, a material adverse effect upon (i) the financial condition, assets, business, future prospects and/or operations of the Borrower and the Guarantors, taken as a whole, (ii) the ability of the Borrower and the Guarantors to perform their obligations under the Loan Agreement and/or the other Security Documents, and (iii) the Collateral. This is a non-exhaustive list of events of default and other similar events under the Security Documents. One or more of the foregoing events of default and other similar events are Events of Default, Defaults and/or acceleration events under the Security Documents and are continuing as of the date hereof. Where notice of such events of default and other similar events is required under the Security Documents and has not previously been provided by the Lender to the Borrower, this letter shall constitute such notice.

Pursuant to the Loan Agreement, upon the occurrence of an Event of Default, the Lender may in its sole and absolute discretion, among other things, demand payment of the Loans and/or any

of the other Obligations (which includes the Secured Obligations, as such term is defined in the GSA), either in whole or in part, demand the amounts payable and enforce the provisions of any one or more of the Security Documents. Pursuant to the GSA, upon the occurrence of an Event of Default, the full amount of the Secured Obligations shall, at the option of the Lender, become due and payable whereupon the security interest(s) shall immediately be enforceable by the Lender, among other things. The other Security Documents provide the Lender with similar rights.

Pursuant to the relevant provisions of the Security Documents, including, without limitation, the Loan Agreement and the GSA, the Lender hereby declares all Obligations, including the Secured Obligations, immediately due and payable in full and hereby demands payment thereof. The Lender hereby implements the default interest rate contemplated in the Loan Agreement. Payment of the Obligations may be made to:

Trichome Financial Corp.
150 King Street West, Suite 213
Toronto, ON M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

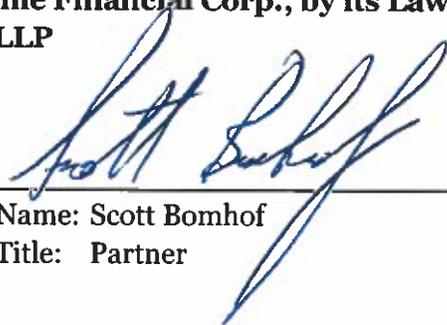
As at March 31, 2020, the aggregate amount of the Obligations is \$7,576,296. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper. The exact amount of the Obligations may be obtained at any time by contacting the Lender or the undersigned.

Enclosed is a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). Please be advised that if payment as aforesaid is not made, the Lender will take such further steps as it deems necessary to recover all Obligations, and other amounts owed to the Lender under the Security Documents. This letter further informs you that the Lender hereby expressly reserves all available rights, remedies and claims in their entirety, any of which may be exercised or otherwise pursued at any time, and from time to time, and without further notice to you, in the sole and absolute discretion of the Lender, as the case may be, in accordance with the Security Documents, or at law and in equity.

Yours truly,

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By:


Name: Scott Bomhof
Title: Partner

SB

Schedule “A”

Security Documents

- a) Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender (the “GSA”)
- b) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
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- s) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with the Loan Agreement and all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

**NOTICE OF INTENTION TO
ENFORCE A SECURITY**
(Rule 124)
(Pursuant to Subsection 244(1)
of the *Bankruptcy and Insolvency Act*)

TO:

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

Attention: Nathan Woodworth

TAKE NOTICE THAT:

1. Trichome Financial Corp. (the “Lender”), a secured creditor, intends to enforce its security on the insolvent person’s property, including, without limitation, as described below:
 - (a) All “Collateral” of the insolvent person, as such term is defined in the Omnibus General Security Agreement made as of February 19, 2019, by James E. Wagner Cultivation Corporation (the “Borrower”), James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”) in favour of the Lender.
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2. The security that is to be enforced is the following:
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- (t) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

3. The total amount of indebtedness secured by the security is \$7,576,296, as at March 31, 2020. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement. A Consent is included herewith as Schedule “A”.

[Remainder of this page intentionally left blank]

Dated at Toronto, Ontario this 31 day of March, 2020.

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By: _____



A handwritten signature in blue ink, appearing to read 'Scott Bomhof', is written over a horizontal line. The signature is stylized and cursive.

Name: Scott Bomhof

Title: Partner

Schedule "A"

CONSENT

TO: Trichome Financial Corp.

FROM: James E. Wagner Cultivation Corporation, an insolvent person

The insolvent person acknowledges receipt of a Notice of Intention to Enforce Security delivered by Trichome Financial Corp. (the "Lender").

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the insolvent person hereby consents to the immediate enforcement by the Lender of the security held by the Lender from the insolvent person, and for the same consideration waives completely all rights to any delay by or any further notice from the Lender with respect to the enforcement of its security and the exercise of the other remedies of the Lender against the insolvent person.

DATED at _____ this _____ day of _____, 2020.

**JAMES E. WAGNER
CULTIVATION CORPORATION**

Per: _____
Name:
Title:

I have the authority to bind the corporation.

March 31, 2020

VIA EMAIL (nathan@jwc.ca)

JWC Supply Ltd.
530 Trillium Drive
Kitchener, ON
N2R 1J4

Attention: Nathan Woodworth

Dear Sirs/Mesdames:

Re: Amended and Restated Loan Agreement made as of November 6, 2019, between Trichome Financial Corp. (the “Lender”), as lender, James E. Wagner Cultivation Corporation (the “Borrower”), as borrower, and James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”), as guarantors (as amended, the “Loan Agreement”) and the other Security Documents (as such term is defined in Schedule “A” hereto)

We are lawyers for the Lender. We refer to the Security Documents. Unless otherwise defined, capitalized terms used herein have the meanings attributed to such terms in the Loan Agreement.

Enclosed is the Lender’s demand letter to the Borrower dated March 31, 2020, declaring all Obligations and Secured Obligations (as such term is defined in the GSA) immediately due and payable in full and demanding payment thereof (along with a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada)).

Pursuant to the Loan Agreement, you irrevocably, absolutely and unconditionally guaranteed to the Lenders the payment of the Guaranteed Obligations (which includes the Secured Obligations, as such term is defined in the GSA). Your liability to make payment under the Loan Agreement arises forthwith after demand for payment has been given to you. Accordingly, pursuant to the Loan Agreement, the GSA and the other Security Documents, the Lender hereby demands payment of the Guaranteed Obligations, including the Secured Obligations. Payment of the Guarantee Obligations may be made to:

Trichome Financial Corp.
150 King Street West, Suite 213
Toronto, ON M5H 1J9

Attention: Michael Ruscetta

Email: mruscetta@trichomefinancial.com

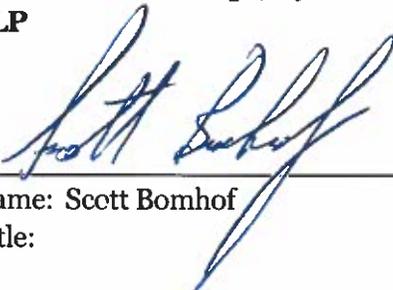
As at March 31, 2020, the aggregate amount of the Guaranteed Obligations is \$7,576,296. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper. The exact amount of the Obligations may be obtained at any time by contacting the Lender or the undersigned.

Enclosed is a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). Please be advised that if payment as aforesaid is not made, the Lender will take such further steps as it deems necessary to recover all Guaranteed Obligations, and other amounts owed to the Lender under the Security Documents. This letter further informs you that the Lender hereby expressly reserves all available rights, remedies and claims in their entirety, any of which may be exercised or otherwise pursued at any time, and from time to time, and without further notice to you, in the sole and absolute discretion of the Lender, as the case may be, in accordance with the Security Documents, or at law and in equity.

Yours truly,

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By:


Name: Scott Bomhof
Title:

SB

Schedule "A"

Security Documents

- a) Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender (the "**GSA**")
- b) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- c) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- d) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- e) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- f) Transfer Power re JWC Ltd shares, executed by the Borrower
- g) Transfer Power re JWC 1 shares, executed by the Borrower
- h) Transfer Power re JWC 2 shares, executed by the Borrower
- i) Transfer Power re JWC Supply shares, executed by the Borrower
- j) Transfer Power re Growthshare shares, executed by the Borrower
- k) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- l) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- m) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- n) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- o) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- p) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- q) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender
- r) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP ("**Lind**") and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- s) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with the Loan Agreement and all other agreements and security documents related to the foregoing, collectively, the "Security Documents")

**NOTICE OF INTENTION TO
ENFORCE A SECURITY**
(Rule 124)
(Pursuant to Subsection 244(1)
of the *Bankruptcy and Insolvency Act*)

TO:

JWC Supply Ltd., an insolvent person
530 Trillium Drive
Kitchener, ON
N2R 1J4

Attention: Nathan Woodworth

TAKE NOTICE THAT:

1. Trichome Financial Corp. (the “Lender”), a secured creditor, intends to enforce its security on the insolvent person’s property, including, without limitation, as described below:
 - (a) All “Collateral” of the insolvent person, as such term is defined in the Omnibus General Security Agreement made as of February 19, 2019, by James E. Wagner Cultivation Corporation (the “Borrower”), James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”) in favour of the Lender.
 - (b) All property and collateral that was assigned, transferred, pledged, granted, mortgaged, charged and/or similarly secured pursuant to the Security Documents (as such term is defined below).
 - (c) All property and collateral against which the security interests bearing Reference File Nos. 748423377 and 756761472 have been registered pursuant to the *Personal Property Security Act* (Ontario).
2. The security that is to be enforced is the following:
 - (a) Amended and Restated Loan Agreement made as of November 6, 2019, between the Lender, as lender, the Borrower, as borrower, and the Guarantors, as guarantors

- (b) The Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (c) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (d) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (e) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (f) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (g) Transfer Power re JWC Ltd shares, executed by the Borrower
- (h) Transfer Power re JWC 1 shares, executed by the Borrower
- (i) Transfer Power re JWC 2 shares, executed by the Borrower
- (j) Transfer Power re JWC Supply shares, executed by the Borrower
- (k) Transfer Power re Growthshare shares, executed by the Borrower
- (l) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- (m) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- (n) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- (o) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- (p) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- (q) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- (r) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender

- (s) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP (“Lind”) and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- (t) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

3. The total amount of indebtedness secured by the security is \$7,576,296, as at March 31, 2020. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement. A Consent is included herewith as Schedule “A”.

[Remainder of this page intentionally left blank]

Dated at Toronto, Ontario this 31 day of March, 2020.

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By:

A handwritten signature in blue ink, appearing to read "Scott Bomhof", written over a horizontal line.

Name: Scott Bomhof

Title: Partner

Schedule "A"

CONSENT

TO: Trichome Financial Corp.

FROM: JWC Supply Ltd., an insolvent person

The insolvent person acknowledges receipt of a Notice of Intention to Enforce Security delivered by Trichome Financial Corp. (the "Lender").

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the insolvent person hereby consents to the immediate enforcement by the Lender of the security held by the Lender from the insolvent person, and for the same consideration waives completely all rights to any delay by or any further notice from the Lender with respect to the enforcement of its security and the exercise of the other remedies of the Lender against the insolvent person.

DATED at _____ this _____ day of _____, 2020.

JWC Supply Ltd.

Per: _____
Name:
Title:

I have the authority to bind the corporation.

March 31, 2020

VIA EMAIL (nathan@jwc.ca)

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

Attention: Nathan Woodworth

Dear Sirs/Mesdames:

Re: Amended and Restated Loan Agreement made as of November 6, 2019, between Trichome Financial Corp. (the “Lender”), as lender, James E. Wagner Cultivation Corporation (the “Borrower”), as borrower, and James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”), as guarantors (as amended, the “Loan Agreement”) and the other Security Documents (as such term is defined in Schedule “A” hereto)

We are lawyers for the Lender. We refer to the Security Documents. Unless otherwise defined, capitalized terms used herein have the meanings attributed to such terms in the Loan Agreement.

Events of default and other similar events have occurred under the Loan Agreement and the other Security Documents, including, without limitation: (a) the Borrower’s admission of its inability, and the inability of the Guarantors, to pay its debts generally as they become due and the Borrower’s acknowledgement of its insolvency and (b) the occurrence of a Material Adverse Effect, namely, a material adverse effect upon (i) the financial condition, assets, business, future prospects and/or operations of the Borrower and the Guarantors, taken as a whole, (ii) the ability of the Borrower and the Guarantors to perform their obligations under the Loan Agreement and/or the other Security Documents, and (iii) the Collateral. This is a non-exhaustive list of events of default and other similar events under the Security Documents. One or more of the foregoing events of default and other similar events are Events of Default, Defaults and/or acceleration events under the Security Documents and are continuing as of the date hereof. Where notice of such events of default and other similar events is required under the Security Documents and has not previously been provided by the Lender to the Borrower, this letter shall constitute such notice.

Pursuant to the Loan Agreement, upon the occurrence of an Event of Default, the Lender may in its sole and absolute discretion, among other things, demand payment of the Loans and/or any

of the other Obligations (which includes the Secured Obligations, as such term is defined in the GSA), either in whole or in part, demand the amounts payable and enforce the provisions of any one or more of the Security Documents. Pursuant to the GSA, upon the occurrence of an Event of Default, the full amount of the Secured Obligations shall, at the option of the Lender, become due and payable whereupon the security interest(s) shall immediately be enforceable by the Lender, among other things. The other Security Documents provide the Lender with similar rights.

Pursuant to the relevant provisions of the Security Documents, including, without limitation, the Loan Agreement and the GSA, the Lender hereby declares all Obligations, including the Secured Obligations, immediately due and payable in full and hereby demands payment thereof. The Lender hereby implements the default interest rate contemplated in the Loan Agreement. Payment of the Obligations may be made to:

Trichome Financial Corp.
150 King Street West, Suite 213
Toronto, ON M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

As at March 31, 2020, the aggregate amount of the Obligations is \$7,576,296. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper. The exact amount of the Obligations may be obtained at any time by contacting the Lender or the undersigned.

Enclosed is a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). Please be advised that if payment as aforesaid is not made, the Lender will take such further steps as it deems necessary to recover all Obligations, and other amounts owed to the Lender under the Security Documents. This letter further informs you that the Lender hereby expressly reserves all available rights, remedies and claims in their entirety, any of which may be exercised or otherwise pursued at any time, and from time to time, and without further notice to you, in the sole and absolute discretion of the Lender, as the case may be, in accordance with the Security Documents, or at law and in equity.

Yours truly,

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By: _____

Name: Scott Bomhof

Title: Partner

SB

Schedule “A”

Security Documents

- a) Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender (the “GSA”)
- b) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- c) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- d) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- e) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- f) Transfer Power re JWC Ltd shares, executed by the Borrower
- g) Transfer Power re JWC 1 shares, executed by the Borrower
- h) Transfer Power re JWC 2 shares, executed by the Borrower
- i) Transfer Power re JWC Supply shares, executed by the Borrower
- j) Transfer Power re Growthshare shares, executed by the Borrower
- k) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- l) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- m) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- n) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- o) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- p) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- q) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender
- r) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP (“Lind”) and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- s) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with the Loan Agreement and all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

**NOTICE OF INTENTION TO
ENFORCE A SECURITY**
(Rule 124)
(Pursuant to Subsection 244(1)
of the *Bankruptcy and Insolvency Act*)

TO:

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

Attention: Nathan Woodworth

TAKE NOTICE THAT:

1. Trichome Financial Corp. (the “Lender”), a secured creditor, intends to enforce its security on the insolvent person’s property, including, without limitation, as described below:
 - (a) All “Collateral” of the insolvent person, as such term is defined in the Omnibus General Security Agreement made as of February 19, 2019, by James E. Wagner Cultivation Corporation (the “Borrower”), James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”) in favour of the Lender.
 - (b) All property and collateral that was assigned, transferred, pledged, granted, mortgaged, charged and/or similarly secured pursuant to the Security Documents (as such term is defined below).
 - (c) All property and collateral against which the security interests bearing Reference File Nos. 756761418 and 748423161 have been registered pursuant to the *Personal Property Security Act* (Ontario).
2. The security that is to be enforced is the following:
 - (a) Amended and Restated Loan Agreement made as of November 6, 2019, between the Lender, as lender, the Borrower, as borrower, and the Guarantors, as guarantors

- (b) The Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (c) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (d) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (e) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (f) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (g) Transfer Power re JWC Ltd shares, executed by the Borrower
- (h) Transfer Power re JWC 1 shares, executed by the Borrower
- (i) Transfer Power re JWC 2 shares, executed by the Borrower
- (j) Transfer Power re JWC Supply shares, executed by the Borrower
- (k) Transfer Power re Growthshare shares, executed by the Borrower
- (l) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- (m) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- (n) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- (o) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- (p) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- (q) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- (r) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender

- (s) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP (“Lind”) and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- (t) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

3. The total amount of indebtedness secured by the security is \$7,576,296, as at March 31, 2020. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement. A Consent is included herewith as Schedule “A”.

[Remainder of this page intentionally left blank]

Dated at Toronto, Ontario this 31 day of March, 2020.

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By:  _____
Name: Scott Bomhof
Title: Partner

Schedule "A"

CONSENT

TO: Trichome Financial Corp.

FROM: James E. Wagner Cultivation Corporation, an insolvent person

The insolvent person acknowledges receipt of a Notice of Intention to Enforce Security delivered by Trichome Financial Corp. (the "**Lender**").

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the insolvent person hereby consents to the immediate enforcement by the Lender of the security held by the Lender from the insolvent person, and for the same consideration waives completely all rights to any delay by or any further notice from the Lender with respect to the enforcement of its security and the exercise of the other remedies of the Lender against the insolvent person.

DATED at _____ this _____ day of _____, 2020.

**JAMES E. WAGNER
CULTIVATION CORPORATION**

Per: _____
Name:
Title:

I have the authority to bind the corporation.

March 31, 2020

VIA EMAIL (nathan@jwc.ca)

GrowthStorm Inc.
530 Trillium Drive
Kitchener, ON
N2R 1J4

Attention: Nathan Woodworth

Dear Sirs/Mesdames:

Re: Amended and Restated Loan Agreement made as of November 6, 2019, between Trichome Financial Corp. (the “Lender”), as lender, James E. Wagner Cultivation Corporation (the “Borrower”), as borrower, and James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”), as guarantors (as amended, the “Loan Agreement”) and the other Security Documents (as such term is defined in Schedule “A” hereto)

We are lawyers for the Lender. We refer to the Security Documents. Unless otherwise defined, capitalized terms used herein have the meanings attributed to such terms in the Loan Agreement.

Enclosed is the Lender’s demand letter to the Borrower dated March 31, 2020, declaring all Obligations and Secured Obligations (as such term is defined in the GSA) immediately due and payable in full and demanding payment thereof (along with a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada)).

Pursuant to the Loan Agreement, you irrevocably, absolutely and unconditionally guaranteed to the Lenders the payment of the Guaranteed Obligations (which includes the Secured Obligations, as such term is defined in the GSA). Your liability to make payment under the Loan Agreement arises forthwith after demand for payment has been given to you. Accordingly, pursuant to the Loan Agreement, the GSA and the other Security Documents, the Lender hereby demands payment of the Guaranteed Obligations, including the Secured Obligations. Payment of the Guarantee Obligations may be made to:

Trichome Financial Corp.
150 King Street West, Suite 213
Toronto, ON M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

As at March 31, 2020, the aggregate amount of the Guaranteed Obligations is \$7,576,296. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper. The exact amount of the Obligations may be obtained at any time by contacting the Lender or the undersigned.

Enclosed is a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). Please be advised that if payment as aforesaid is not made, the Lender will take such further steps as it deems necessary to recover all Guaranteed Obligations, and other amounts owed to the Lender under the Security Documents. This letter further informs you that the Lender hereby expressly reserves all available rights, remedies and claims in their entirety, any of which may be exercised or otherwise pursued at any time, and from time to time, and without further notice to you, in the sole and absolute discretion of the Lender, as the case may be, in accordance with the Security Documents, or at law and in equity.

Yours truly,

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By:



Name: Scott Bomhof

Title: Partner

Schedule “A”

Security Documents

- a) Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender (the “GSA”)
- b) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- c) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- d) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- e) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- f) Transfer Power re JWC Ltd shares, executed by the Borrower
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- h) Transfer Power re JWC 2 shares, executed by the Borrower
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- o) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
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- q) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender
- r) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP (“Lind”) and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- s) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with the Loan Agreement and all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

**NOTICE OF INTENTION TO
ENFORCE A SECURITY**
(Rule 124)
(Pursuant to Subsection 244(1)
of the *Bankruptcy and Insolvency Act*)

TO:

GrowthStorm Inc., an insolvent person
530 Trillium Drive
Kitchener, ON
N2R 1J4

Attention: Nathan Woodworth

TAKE NOTICE THAT:

1. Trichome Financial Corp. (the “Lender”), a secured creditor, intends to enforce its security on the insolvent person’s property, including, without limitation, as described below:
 - (a) All “Collateral” of the insolvent person, as such term is defined in the Omnibus General Security Agreement made as of February 19, 2019, by James E. Wagner Cultivation Corporation (the “Borrower”), James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”) in favour of the Lender.
 - (b) All property and collateral that was assigned, transferred, pledged, granted, mortgaged, charged and/or similarly secured pursuant to the Security Documents (as such term is defined below).
 - (c) All property and collateral against which the security interests bearing Reference File Nos. 756761499 and 748423431 have been registered pursuant to the *Personal Property Security Act* (Ontario).
2. The security that is to be enforced is the following:
 - (a) Amended and Restated Loan Agreement made as of November 6, 2019, between the Lender, as lender, the Borrower, as borrower, and the Guarantors, as guarantors

- (b) The Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (c) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (d) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (e) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (f) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (g) Transfer Power re JWC Ltd shares, executed by the Borrower
- (h) Transfer Power re JWC 1 shares, executed by the Borrower
- (i) Transfer Power re JWC 2 shares, executed by the Borrower
- (j) Transfer Power re JWC Supply shares, executed by the Borrower
- (k) Transfer Power re Growthshare shares, executed by the Borrower
- (l) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- (m) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- (n) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- (o) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- (p) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- (q) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- (r) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender

- (s) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP (“Lind”) and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- (t) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

3. The total amount of indebtedness secured by the security is \$7,576,296, as at March 31, 2020. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement. A Consent is included herewith as Schedule “A”.

[Remainder of this page intentionally left blank]

Dated at Toronto, Ontario this 31 day of March, 2020.

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By: _____

Name: Scott Bomhof

Title: Partner

A handwritten signature in blue ink, appearing to read "Scott Bomhof", is written over a horizontal line. The signature is stylized and cursive.

Schedule "A"

CONSENT

TO: Trichome Financial Corp.

FROM: GrowthStorm Inc., an insolvent person

The insolvent person acknowledges receipt of a Notice of Intention to Enforce Security delivered by Trichome Financial Corp. (the "Lender").

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the insolvent person hereby consents to the immediate enforcement by the Lender of the security held by the Lender from the insolvent person, and for the same consideration waives completely all rights to any delay by or any further notice from the Lender with respect to the enforcement of its security and the exercise of the other remedies of the Lender against the insolvent person.

DATED at _____ this _____ day of _____, 2020.

GrowthStorm Inc.

Per: _____
Name:
Title:

I have the authority to bind the corporation.

March 31, 2020

VIA EMAIL (nathan@jwc.ca)

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

Attention: Nathan Woodworth

Dear Sirs/Mesdames:

Re: Amended and Restated Loan Agreement made as of November 6, 2019, between Trichome Financial Corp. (the “Lender”), as lender, James E. Wagner Cultivation Corporation (the “Borrower”), as borrower, and James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”), as guarantors (as amended, the “Loan Agreement”) and the other Security Documents (as such term is defined in Schedule “A” hereto)

We are lawyers for the Lender. We refer to the Security Documents. Unless otherwise defined, capitalized terms used herein have the meanings attributed to such terms in the Loan Agreement.

Events of default and other similar events have occurred under the Loan Agreement and the other Security Documents, including, without limitation: (a) the Borrower’s admission of its inability, and the inability of the Guarantors, to pay its debts generally as they become due and the Borrower’s acknowledgement of its insolvency and (b) the occurrence of a Material Adverse Effect, namely, a material adverse effect upon (i) the financial condition, assets, business, future prospects and/or operations of the Borrower and the Guarantors, taken as a whole, (ii) the ability of the Borrower and the Guarantors to perform their obligations under the Loan Agreement and/or the other Security Documents, and (iii) the Collateral. This is a non-exhaustive list of events of default and other similar events under the Security Documents. One or more of the foregoing events of default and other similar events are Events of Default, Defaults and/or acceleration events under the Security Documents and are continuing as of the date hereof. Where notice of such events of default and other similar events is required under the Security Documents and has not previously been provided by the Lender to the Borrower, this letter shall constitute such notice.

Pursuant to the Loan Agreement, upon the occurrence of an Event of Default, the Lender may in its sole and absolute discretion, among other things, demand payment of the Loans and/or any

of the other Obligations (which includes the Secured Obligations, as such term is defined in the GSA), either in whole or in part, demand the amounts payable and enforce the provisions of any one or more of the Security Documents. Pursuant to the GSA, upon the occurrence of an Event of Default, the full amount of the Secured Obligations shall, at the option of the Lender, become due and payable whereupon the security interest(s) shall immediately be enforceable by the Lender, among other things. The other Security Documents provide the Lender with similar rights.

Pursuant to the relevant provisions of the Security Documents, including, without limitation, the Loan Agreement and the GSA, the Lender hereby declares all Obligations, including the Secured Obligations, immediately due and payable in full and hereby demands payment thereof. The Lender hereby implements the default interest rate contemplated in the Loan Agreement. Payment of the Obligations may be made to:

Trichome Financial Corp.
150 King Street West, Suite 213
Toronto, ON M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

As at March 31, 2020, the aggregate amount of the Obligations is \$7,576,296. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper. The exact amount of the Obligations may be obtained at any time by contacting the Lender or the undersigned.

Enclosed is a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). Please be advised that if payment as aforesaid is not made, the Lender will take such further steps as it deems necessary to recover all Obligations, and other amounts owed to the Lender under the Security Documents. This letter further informs you that the Lender hereby expressly reserves all available rights, remedies and claims in their entirety, any of which may be exercised or otherwise pursued at any time, and from time to time, and without further notice to you, in the sole and absolute discretion of the Lender, as the case may be, in accordance with the Security Documents, or at law and in equity.

Yours truly,

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By: _____

Name: Scott Bomhof

Title: Partner

Schedule “A”

Security Documents

- a) Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender (the “GSA”)
- b) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- c) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- d) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- e) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- f) Transfer Power re JWC Ltd shares, executed by the Borrower
- g) Transfer Power re JWC 1 shares, executed by the Borrower
- h) Transfer Power re JWC 2 shares, executed by the Borrower
- i) Transfer Power re JWC Supply shares, executed by the Borrower
- j) Transfer Power re Growthshare shares, executed by the Borrower
- k) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- l) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- m) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- n) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- o) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- p) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- q) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender
- r) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP (“Lind”) and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- s) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with the Loan Agreement and all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

**NOTICE OF INTENTION TO
ENFORCE A SECURITY**
(Rule 124)
(Pursuant to Subsection 244(1)
of the *Bankruptcy and Insolvency Act*)

TO:

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

Attention: Nathan Woodworth

TAKE NOTICE THAT:

1. Trichome Financial Corp. (the “Lender”), a secured creditor, intends to enforce its security on the insolvent person’s property, including, without limitation, as described below:
 - (a) All “Collateral” of the insolvent person, as such term is defined in the Omnibus General Security Agreement made as of February 19, 2019, by James E. Wagner Cultivation Corporation (the “Borrower”), James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”) in favour of the Lender.
 - (b) All property and collateral that was assigned, transferred, pledged, granted, mortgaged, charged and/or similarly secured pursuant to the Security Documents (as such term is defined below).
 - (c) All property and collateral against which the security interests bearing Reference File Nos. 756761418 and 748423161 have been registered pursuant to the *Personal Property Security Act* (Ontario).
2. The security that is to be enforced is the following:
 - (a) Amended and Restated Loan Agreement made as of November 6, 2019, between the Lender, as lender, the Borrower, as borrower, and the Guarantors, as guarantors

- (b) The Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (c) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (d) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (e) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (f) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (g) Transfer Power re JWC Ltd shares, executed by the Borrower
- (h) Transfer Power re JWC 1 shares, executed by the Borrower
- (i) Transfer Power re JWC 2 shares, executed by the Borrower
- (j) Transfer Power re JWC Supply shares, executed by the Borrower
- (k) Transfer Power re Growthshare shares, executed by the Borrower
- (l) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- (m) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- (n) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- (o) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- (p) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- (q) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- (r) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender

- (s) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP (“Lind”) and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- (t) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

3. The total amount of indebtedness secured by the security is \$7,576,296, as at March 31, 2020. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement. A Consent is included herewith as Schedule “A”.

[Remainder of this page intentionally left blank]

Dated at Toronto, Ontario this 31 day of March, 2020.

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By:



Name: Scott Bomhof

Title: Partner

Schedule "A"

CONSENT

TO: Trichome Financial Corp.

FROM: James E. Wagner Cultivation Corporation, an insolvent person

The insolvent person acknowledges receipt of a Notice of Intention to Enforce Security delivered by Trichome Financial Corp. (the "**Lender**").

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the insolvent person hereby consents to the immediate enforcement by the Lender of the security held by the Lender from the insolvent person, and for the same consideration waives completely all rights to any delay by or any further notice from the Lender with respect to the enforcement of its security and the exercise of the other remedies of the Lender against the insolvent person.

DATED at _____ this _____ day of _____, 2020.

**JAMES E. WAGNER
CULTIVATION CORPORATION**

Per: _____

Name:

Title:

I have the authority to bind the corporation.

March 31, 2020

VIA EMAIL (nathan@jwc.ca)

JWC 1 Ltd.
530 Trillium Drive
Kitchener, ON
N2R 1J4

Attention: Nathan Woodworth

Dear Sirs/Mesdames:

Re: Amended and Restated Loan Agreement made as of November 6, 2019, between Trichome Financial Corp. (the “Lender”), as lender, James E. Wagner Cultivation Corporation (the “Borrower”), as borrower, and James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”), as guarantors (as amended, the “Loan Agreement”) and the other Security Documents (as such term is defined in Schedule “A” hereto)

We are lawyers for the Lender. We refer to the Security Documents. Unless otherwise defined, capitalized terms used herein have the meanings attributed to such terms in the Loan Agreement.

Enclosed is the Lender’s demand letter to the Borrower dated March 31, 2020, declaring all Obligations and Secured Obligations (as such term is defined in the GSA) immediately due and payable in full and demanding payment thereof (along with a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada)).

Pursuant to the Loan Agreement, you irrevocably, absolutely and unconditionally guaranteed to the Lenders the payment of the Guaranteed Obligations (which includes the Secured Obligations, as such term is defined in the GSA). Your liability to make payment under the Loan Agreement arises forthwith after demand for payment has been given to you. Accordingly, pursuant to the Loan Agreement, the GSA and the other Security Documents, the Lender hereby demands payment of the Guaranteed Obligations, including the Secured Obligations. Payment of the Guarantee Obligations may be made to:

Trichome Financial Corp.
150 King Street West, Suite 213
Toronto, ON M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

As at March 31, 2020, the aggregate amount of the Guaranteed Obligations is \$7,576,296. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper. The exact amount of the Obligations may be obtained at any time by contacting the Lender or the undersigned.

Enclosed is a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). Please be advised that if payment as aforesaid is not made, the Lender will take such further steps as it deems necessary to recover all Guaranteed Obligations, and other amounts owed to the Lender under the Security Documents. This letter further informs you that the Lender hereby expressly reserves all available rights, remedies and claims in their entirety, any of which may be exercised or otherwise pursued at any time, and from time to time, and without further notice to you, in the sole and absolute discretion of the Lender, as the case may be, in accordance with the Security Documents, or at law and in equity.

Yours truly,

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By:


Name: Scott Bomhof
Title: Partner

Schedule "A"

Security Documents

- a) Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender (the "GSA")
- b) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- c) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- d) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- e) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- f) Transfer Power re JWC Ltd shares, executed by the Borrower
- g) Transfer Power re JWC 1 shares, executed by the Borrower
- h) Transfer Power re JWC 2 shares, executed by the Borrower
- i) Transfer Power re JWC Supply shares, executed by the Borrower
- j) Transfer Power re Growthshare shares, executed by the Borrower
- k) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- l) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- m) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- n) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- o) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- p) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- q) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender
- r) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP ("**Lind**") and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- s) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with the Loan Agreement and all other agreements and security documents related to the foregoing, collectively, the "Security Documents")

**NOTICE OF INTENTION TO
ENFORCE A SECURITY**
(Rule 124)
(Pursuant to Subsection 244(1)
of the *Bankruptcy and Insolvency Act*)

TO:

JWC 1 Ltd., an insolvent person
530 Trillium Drive
Kitchener, ON
N2R 1J4

Attention: Nathan Woodworth

TAKE NOTICE THAT:

1. Trichome Financial Corp. (the “Lender”), a secured creditor, intends to enforce its security on the insolvent person’s property, including, without limitation, as described below:
 - (a) All “Collateral” of the insolvent person, as such term is defined in the Omnibus General Security Agreement made as of February 19, 2019, by James E. Wagner Cultivation Corporation (the “Borrower”), James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”) in favour of the Lender.
 - (b) All property and collateral that was assigned, transferred, pledged, granted, mortgaged, charged and/or similarly secured pursuant to the Security Documents (as such term is defined below).
 - (c) All property and collateral against which the security interest bearing Reference File No. 756761445 has been registered pursuant to the *Personal Property Security Act* (Ontario).
2. The security that is to be enforced is the following:
 - (a) Amended and Restated Loan Agreement made as of November 6, 2019, between the Lender, as lender, the Borrower, as borrower, and the Guarantors, as guarantors

- (b) The Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (c) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (d) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (e) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (f) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (g) Transfer Power re JWC Ltd shares, executed by the Borrower
- (h) Transfer Power re JWC 1 shares, executed by the Borrower
- (i) Transfer Power re JWC 2 shares, executed by the Borrower
- (j) Transfer Power re JWC Supply shares, executed by the Borrower
- (k) Transfer Power re Growthshare shares, executed by the Borrower
- (l) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- (m) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- (n) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- (o) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- (p) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- (q) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- (r) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender

- (s) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP (“Lind”) and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- (t) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

3. The total amount of indebtedness secured by the security is \$7,576,296, as at March 31, 2020. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement. A Consent is included herewith as Schedule “A”.

[Remainder of this page intentionally left blank]

Dated at Toronto, Ontario this 31 day of March, 2020.

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By:

A handwritten signature in blue ink, appearing to read "Scott Bomhof", written over a horizontal line.

Name: Scott Bomhof

Title: Partner

Schedule "A"

CONSENT

TO: Trichome Financial Corp.

FROM: JWC 1 Ltd., an insolvent person

The insolvent person acknowledges receipt of a Notice of Intention to Enforce Security delivered by Trichome Financial Corp. (the "Lender").

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the insolvent person hereby consents to the immediate enforcement by the Lender of the security held by the Lender from the insolvent person, and for the same consideration waives completely all rights to any delay by or any further notice from the Lender with respect to the enforcement of its security and the exercise of the other remedies of the Lender against the insolvent person.

DATED at _____ this _____ day of _____, 2020.

JWC 1 Ltd.

Per: _____
Name:
Title:

I have the authority to bind the corporation.

March 31, 2020

VIA EMAIL (nathan@jwc.ca)

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

Attention: Nathan Woodworth

Dear Sirs/Mesdames:

Re: Amended and Restated Loan Agreement made as of November 6, 2019, between Trichome Financial Corp. (the “Lender”), as lender, James E. Wagner Cultivation Corporation (the “Borrower”), as borrower, and James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”), as guarantors (as amended, the “Loan Agreement”) and the other Security Documents (as such term is defined in Schedule “A” hereto)

We are lawyers for the Lender. We refer to the Security Documents. Unless otherwise defined, capitalized terms used herein have the meanings attributed to such terms in the Loan Agreement.

Events of default and other similar events have occurred under the Loan Agreement and the other Security Documents, including, without limitation: (a) the Borrower’s admission of its inability, and the inability of the Guarantors, to pay its debts generally as they become due and the Borrower’s acknowledgement of its insolvency and (b) the occurrence of a Material Adverse Effect, namely, a material adverse effect upon (i) the financial condition, assets, business, future prospects and/or operations of the Borrower and the Guarantors, taken as a whole, (ii) the ability of the Borrower and the Guarantors to perform their obligations under the Loan Agreement and/or the other Security Documents, and (iii) the Collateral. This is a non-exhaustive list of events of default and other similar events under the Security Documents. One or more of the foregoing events of default and other similar events are Events of Default, Defaults and/or acceleration events under the Security Documents and are continuing as of the date hereof. Where notice of such events of default and other similar events is required under the Security Documents and has not previously been provided by the Lender to the Borrower, this letter shall constitute such notice.

Pursuant to the Loan Agreement, upon the occurrence of an Event of Default, the Lender may in its sole and absolute discretion, among other things, demand payment of the Loans and/or any

of the other Obligations (which includes the Secured Obligations, as such term is defined in the GSA), either in whole or in part, demand the amounts payable and enforce the provisions of any one or more of the Security Documents. Pursuant to the GSA, upon the occurrence of an Event of Default, the full amount of the Secured Obligations shall, at the option of the Lender, become due and payable whereupon the security interest(s) shall immediately be enforceable by the Lender, among other things. The other Security Documents provide the Lender with similar rights.

Pursuant to the relevant provisions of the Security Documents, including, without limitation, the Loan Agreement and the GSA, the Lender hereby declares all Obligations, including the Secured Obligations, immediately due and payable in full and hereby demands payment thereof. The Lender hereby implements the default interest rate contemplated in the Loan Agreement. Payment of the Obligations may be made to:

Trichome Financial Corp.
150 King Street West, Suite 213
Toronto, ON M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

As at March 31, 2020, the aggregate amount of the Obligations is \$7,576,296. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper. The exact amount of the Obligations may be obtained at any time by contacting the Lender or the undersigned.

Enclosed is a Notice to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). Please be advised that if payment as aforesaid is not made, the Lender will take such further steps as it deems necessary to recover all Obligations, and other amounts owed to the Lender under the Security Documents. This letter further informs you that the Lender hereby expressly reserves all available rights, remedies and claims in their entirety, any of which may be exercised or otherwise pursued at any time, and from time to time, and without further notice to you, in the sole and absolute discretion of the Lender, as the case may be, in accordance with the Security Documents, or at law and in equity.

Yours truly,

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By:


Name: Scott Bomhof
Title: Partner

Schedule "A"

Security Documents

- a) Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender (the "GSA")
- b) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- c) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- d) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- e) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- f) Transfer Power re JWC Ltd shares, executed by the Borrower
- g) Transfer Power re JWC 1 shares, executed by the Borrower
- h) Transfer Power re JWC 2 shares, executed by the Borrower
- i) Transfer Power re JWC Supply shares, executed by the Borrower
- j) Transfer Power re Growthshare shares, executed by the Borrower
- k) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- l) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- m) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- n) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- o) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- p) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- q) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender
- r) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP ("**Lind**") and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- s) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with the Loan Agreement and all other agreements and security documents related to the foregoing, collectively, the "Security Documents")

**NOTICE OF INTENTION TO
ENFORCE A SECURITY**
(Rule 124)
(Pursuant to Subsection 244(1)
of the *Bankruptcy and Insolvency Act*)

TO:

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

Attention: Nathan Woodworth

TAKE NOTICE THAT:

1. Trichome Financial Corp. (the “Lender”), a secured creditor, intends to enforce its security on the insolvent person’s property, including, without limitation, as described below:
 - (a) All “Collateral” of the insolvent person, as such term is defined in the Omnibus General Security Agreement made as of February 19, 2019, by James E. Wagner Cultivation Corporation (the “Borrower”), James E. Wagner Cultivation Ltd. (“JWC Ltd”), JWC 1 Ltd. (“JWC 1”), JWC 2 Ltd. (“JWC 2”), JWC Supply Ltd. (“JWC Supply”) and GrowthStorm Inc. (“Growthstorm”, and together with JWC Ltd, JWC 1, JWC 2 and JWC Supply, the “Guarantors”) in favour of the Lender.
 - (b) All property and collateral that was assigned, transferred, pledged, granted, mortgaged, charged and/or similarly secured pursuant to the Security Documents (as such term is defined below).
 - (c) All property and collateral against which the security interests bearing Reference File Nos. 756761418 and 748423161 have been registered pursuant to the *Personal Property Security Act* (Ontario).
2. The security that is to be enforced is the following:
 - (a) Amended and Restated Loan Agreement made as of November 6, 2019, between the Lender, as lender, the Borrower, as borrower, and the Guarantors, as guarantors

- (b) The Omnibus General Security Agreement made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (c) Omnibus Assignment of Material Agreements made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (d) Omnibus Assignment of Insurance Proceeds made as of February 19, 2019, by the Borrower and the Guarantors in favour of the Lender
- (e) Share and Note Pledge Agreement re JWC Ltd and Growthstorm shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (f) Share and Note Pledge Agreement re JWC 1, JWC 2 and JWC Supply shares made as of February 19, 2019, by the Borrower in favour of the Lender
- (g) Transfer Power re JWC Ltd shares, executed by the Borrower
- (h) Transfer Power re JWC 1 shares, executed by the Borrower
- (i) Transfer Power re JWC 2 shares, executed by the Borrower
- (j) Transfer Power re JWC Supply shares, executed by the Borrower
- (k) Transfer Power re Growthshare shares, executed by the Borrower
- (l) Landlord Consent and Agreement made as of February 19, 2019, between Homer Land Corp. and the Lender
- (m) Landlord Consent and Agreement made as of February 19, 2019, between Blue Top Properties (855 Trillium) Inc. and the Lender
- (n) Amended and Restated Omnibus Assignment of Material Agreements made as of November 6, 2019, by the Borrower and the Guarantors in favour of the Lender
- (o) Subordination and Postponement Agreement made as of November 6, 2019, between Ball Construction Ltd., the Borrower, JWC Ltd and the Lender
- (p) First Amendment to the Loan Agreement made as of January 9, 2020, between the Borrower, the Guarantors and the Lender
- (q) Second Amendment to the Loan Agreement made as of February 19, 2020, between the Borrower, the Guarantors and the Lender
- (r) Third Amendment to the Loan Agreement made as of March 10, 2020, between the Borrower, the Guarantors and the Lender

- (s) Subordination Agreement made as of January 10, 2020, between Lind Global Macro Fund, LP (“Lind”) and the Lender, and acknowledged and agreed to by the Borrower and the Guarantors
- (t) First Amendment to Subordination Agreement made as of March 13, 2020, between Lind and the Lender

(the foregoing, together with all other agreements and security documents related to the foregoing, collectively, the “Security Documents”)

3. The total amount of indebtedness secured by the security is \$7,576,296, as at March 31, 2020. This amount is exclusive of legal and other adviser expenses and other costs, charges and fees incurred to such date. After such date, additional legal expenses and other costs, charges and fees and interest and other amounts will be charged as may be proper.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement. A Consent is included herewith as Schedule “A”.

[Remainder of this page intentionally left blank]

Dated at Toronto, Ontario this 31 day of March, 2020.

**Trichome Financial Corp., by its Lawyers,
Torys LLP**

By: _____



Name: Scott Bomhof
Title: Partner

Schedule "A"

CONSENT

TO: Trichome Financial Corp.

FROM: James E. Wagner Cultivation Corporation, an insolvent person

The insolvent person acknowledges receipt of a Notice of Intention to Enforce Security delivered by Trichome Financial Corp. (the "Lender").

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the insolvent person hereby consents to the immediate enforcement by the Lender of the security held by the Lender from the insolvent person, and for the same consideration waives completely all rights to any delay by or any further notice from the Lender with respect to the enforcement of its security and the exercise of the other remedies of the Lender against the insolvent person.

DATED at _____ this ____ day of _____, 2020.

**JAMES E. WAGNER
CULTIVATION CORPORATION**

Per: _____
Name:
Title:

I have the authority to bind the corporation.

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

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

Date: December 29, 2019

James E. Wagner Cultivation Corporation

as Company

Lind Global Macro Fund, LP

as Investor

Convertible Security Funding Agreement

Agreement for a private placement of up to C\$10,000,000 by way of convertible securities

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This Agreement is made the 29th day of December, 2019

Parties

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

Recital

The Investor has agreed to invest an amount of up to C\$10,000,000 in the Company, and the Company has agreed to issue Convertible Securities to the Investor in accordance with the terms of this Agreement.

It is agreed as follows:

1. Definitions and Interpretation

1.1 Definitions

The following definitions apply unless the context requires otherwise.

1933 Act means the United States Securities Act of 1933.

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

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

Agreement means this agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

Change in Law Termination Event means:

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

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

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

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

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

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

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

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

Closing Date means the First Closing Date or the Second Closing Date, as applicable.

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

Contemplated Transactions means the transactions contemplated in this Agreement.

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

Conversion Amount means an amount specified in a Conversion Notice.

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

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

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

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

Convertible Securities means the First Convertible Security and the Second Convertible Security, if any.

Convertible Security means the First Convertible Security or the Second Convertible Security, as applicable.

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

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

Designated Warrant Holder means:

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

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

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

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

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

$$0 = \sum_{i=1}^N \frac{P_i}{(1+r)^{\frac{(d_i-d_0)}{365}}} - P_0$$

where:

P_0 equals the Funded Amount, less the applicable Closing Fee, which is C\$1,900,000 for the First Convertible Security;

D_0 equals the applicable Closing Date;

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

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

r is the Effective Interest Rate.

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

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

Exchange Act means the United States Exchange Act of 1934.

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

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

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

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

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

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

First Closing Fee means an amount payable by the Company to the Investor on the First Closing Date, as consideration for the Investor effecting First Closing, which must be paid in the amount of C\$100,000 in accordance with clause 3.1(a).

First Conversion Price means C\$0.25.

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

First Warrants means 4,000,640 warrants, such number being equal to 52.64% warrant coverage of the Funded Amount of the First Convertible Security (less the First Closing Fee), to purchase Shares exercisable at the Warrants Exercise Price on or before the date falling twenty-four (24) months after their issue, granted in accordance with the terms and conditions set out in Annexure A.

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

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

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

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

IFRS means the International Financial Reporting Standards.

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

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

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

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

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

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

Lock-Up Period means the period during which the Investor may not trade Conversion Shares on the TSXV and:

- (a) in respect of the First Convertible Security and the First Warrants, means the period commencing from the First Closing Date and ending on the date that is four (4) months and one (1) calendar day after the First Closing Date; and
- (b) in respect of the Second Convertible Security and the Second Warrants, means the period commencing from the Second Closing Date and ending on the date that is four (4) months and one (1) calendar day after the Second Closing Date,

provided the relevant provisions of NI 45-102 and the Exchange Hold Period (as such term is defined in the TSXV Rules) are otherwise complied with.

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

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

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

Material Adverse Effect means a material adverse effect on: (a) the assets, liabilities, results of operations, condition (financial or otherwise), business (including, for greater certainty, an effect resulting from a change in Health Canada cannabis laws and regulations), or prospects of the Company and its Subsidiaries taken as a whole; or (b) the ability of the Company to perform its obligations under this Agreement; provided that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) any changes in financial or securities markets in general; (iii) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (iv) any action required or permitted by this Agreement; (v) any changes in applicable Laws (other than Health Canada cannabis laws and regulations and other laws of a similar nature) or accounting rules; or (vi) the public announcement, pendency or completion of the transactions contemplated by this Agreement; provided further that any event, occurrence, fact, condition or change referred to in clauses (i) through (iii) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Company compared to other participants in the industries in which the Company operates.

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

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

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

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

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

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

Party means a party to this Agreement.

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

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

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

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

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

- (a) any debt, equity or equity-linked securities (including options or warrants) that are convertible into, exchangeable or exercisable for, or include the right to receive Shares:
 - (i) at a conversion, repayment, exercise or exchange rate or other price that is based on, and/or varies with, the trading prices of, or quotations for, the Shares; or
 - (ii) at a conversion, repayment, exercise or exchange rate or other price that is subject to being reset at some future date after the initial issuance of such debt, equity or equity-linked security or upon the occurrence of specified or contingent events, or
- (b) any securities in a capital or debt raising transaction or series of related transactions which grant to an investor the right to receive additional securities based upon future transactions of the Company on terms more favourable than those granted to such investor in such first transaction or series of related transactions;

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

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

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

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

Second Closing has the meaning given to that term in clause 2.1(d).

Second Closing Date means the date that may be agreed upon by the Parties should there be a Second Closing.

Second Closing Fee means an amount payable by the Company to the Investor on the Second Closing Date, as consideration for the Investor effecting the Second Closing, and which shall equal 5% of the Funded Amount as determined in accordance with clause 3.1(b).

Second Closing Notification Date means the date on which at least 75% of the Face Value of the First Convertible Security has been converted or repaid to the Investor, such date to be mutually agreed upon by the Company and the Investor.

Second Conversion Price means, subject to the requirements set forth in the TSXV Rules, the five (5)-day VWAP of the Shares on the Trading Day immediately prior to the earlier of (i) a news release of the Company announcing the Second Closing; (ii) a price reservation form in respect of the Second Convertible Security; and (iii) the Second Closing Date.

Second Convertible Security has the meaning given to that term in clause 2.1(d).

Second Convertible Security Notice has the meaning given to that term in clause 2.1(b).

Second Convertible Security Notice Investor Response has the meaning given to that term in clause 2.1(c).

Second Warrants means that number of warrants to purchase Shares to which the Investor is entitled pursuant to the Second Warrants Calculation Formula, such number of warrants being equal to 52.64% warrant coverage of the Funded Amount of the Second Convertible Security (less the Second Closing Fee), if issued, exercisable at the Warrants Exercise Price on or before the date falling twenty-four (24) months after their issue, granted in accordance with the terms and conditions set out in Annexure A.

Second Warrants Calculation Formula means the number (N) determined pursuant to the following formula:

$$\text{(the Funded Amount of the Second Convertible Security (less the Second Closing Fee) / Second Conversion Price) * 0.5264 = N.}$$

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

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

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

Securities Termination Event means any of the following has occurred:

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

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

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

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

Tax means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority on or in respect of amounts of the type described in clause (a) above or this clause (b); (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express

or implied obligation to indemnify any other person or as a result of being a transferee or successor in interest to any Party.

Term means:

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

Total Interest Amount means the total pre-paid interest amount on any of the Convertible Securities.

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

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

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

TSXV means the TSX Venture Exchange.

TSXV Rules means the TSXV Corporate Finance Manual.

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

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

Warrants means the First Warrants and the Second Warrants, if any (and Warrant means any single Warrant of any one of them).

Warrants Exercise Price means:

- (a) for the First Warrants C\$0.3379; and
- (b) for the Second Warrants, the price equal to 130% of the simple average of the VWAP of the Shares for the five (5) consecutive Trading Days immediately prior to the date of the issuance of the Second Warrants; and,

in each case, subject to all adjustments pursuant to this Agreement.

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

1.2 Interpretation

The following rules apply unless the context requires otherwise.

- (a) Headings and sub-headings used in this Agreement are used for convenience only and do not affect interpretation.

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

2. Convertible Securities

2.1 Convertible Securities

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

- (a) within ten (10) Trading Days of the Execution Date or such later date as may be determined in accordance with the provisions of this Agreement (*the First Closing Date*), the Investor will advance to the Company C\$2,000,000 having a Total Interest Amount of C\$400,000 (regardless of whether the conversion and/or repayment of the

- entire Amount Outstanding for the First Convertible Security occurs before the expiry of the Term), which following the set off of the C\$100,000 First Closing Fee under clause 3.1(a) will result in the Investor being required to advance the Company C\$1,900,000 (subject to any additional set off in this Agreement) (**First Closing**) in consideration of which the Company shall issue (and at the First Closing will be deemed to have issued) to the Investor an uncertificated convertible security with a face value of C\$2,400,000 (**Face Value of the First Convertible Security**) (representing a principal amount of C\$2,000,000 plus a Total Interest Amount of C\$400,000) on the terms set out in this Agreement (the **First Convertible Security**);
- (b) the Company may, no more than thirty (30) calendar days following the Second Closing Notification Date, give a written notice (**Second Convertible Security Notice**) to the Investor that provides either:
- (i) a non-retractable request that the Investor advance to the Company, subject to any right of set-off set forth in this Agreement, in immediately available funds, an additional amount of money that is between C\$500,000 and C\$8,000,000 (subject to adjustment as the case may be under clause 2.1(c)(iii)) in consideration of which the Company shall issue (and at the Second Closing Date will be deemed to have issued) to the Investor the Second Convertible Security; or
 - (ii) notice that the Company has elected not to issue a Second Convertible Security, provided that a failure to give such notice in time will be deemed to be a notice under this clause 2.1(b)(ii);
- (c) if the Company issues a Second Convertible Security Notice under clause 2.1(b)(i), the Investor must, within twenty (20) calendar days of receiving the Second Convertible Security Notice, give a written notice (**Second Convertible Security Notice Investor Response**) to the Company that provides that the Investor has elected:
- (i) not to subscribe for the Second Convertible Security;
 - (ii) to subscribe for the Second Convertible Security at the Funded Amount specified in the Second Convertible Security Notice; or
 - (iii) to subscribe for the Second Convertible Security provided the Company is willing to agree to a revised Funded Amount as notified to it by the Investor in its Second Convertible Security Notice Investor Response and that is between C\$500,000 and C\$8,000,000;
- (d) if the Investor issues a Second Convertible Security Notice Investor Response to the Company under clause 2.1(c)(ii) or (iii), then, on the Second Closing Date, the Investor will advance to the Company the applicable Funded Amount, (regardless of whether the conversion and/or repayment of the entire Amount Outstanding for the Second Convertible Security occurs before the expiry of the Term), less the Second Closing Fee payable under clause 3.1(b) (subject to any additional set off in this Agreement) in consideration of which the Company shall issue (and at the Second Closing will be deemed to have issued) to the Investor an uncertificated convertible security (the **Second Convertible Security**) with a face value equal to 120% of the Funded Amount (**Face Value of the Second Convertible Security**) (the **Second Closing**);
- (e) if the:

- (i) Company issues a Second Convertible Security Notice under clause 2.1(b)(ii); or
- (ii) the Investor issues a Second Convertible Security Notice Investor Response under clause 2.1(c)(i),

the Investor will be under no obligation to subscribe for, and the Company will be under no obligation to issue, the Second Convertible Security; and

- (f) promptly following the delivery of a Second Convertible Security Notice pursuant to clause 2.1(b)(i), the Company shall issue a news release announcing the matters set forth in the Second Convertible Security Notice or file a price reservation form, as applicable.

2.2 Interest

- (a) If as a result of a Conversion or otherwise (other than a voluntary repayment or action of the Company under this Agreement) it is determined by the Investor or a court of competent jurisdiction that the effective rate of interest paid or payable on the Amount Outstanding or the Face Value is an effective rate of interest greater than the maximum prescribed by applicable Law, then the Parties shall take such steps, and modify this Agreement in such manner (including but not limited to extending the Term and/or other remedial action), in each case in the sole discretion of the Investor, so that the effective rate of interest paid or payable does not contravene such section, including, if required, by the repayment by the Investor to the Company of a sufficient amount of interest that was originally set-off from the Face Value so that the resulting amount of interest received by the Investor does not result in an effective rate of interest greater than that permitted. For greater certainty, the parties agree that this clause 2.2(a) shall not affect the Company's ability to buy-back the Amount Outstanding at any time in accordance with clause 5.1 hereof.
- (b) For greater certainty, the interest payable on the First Convertible Security shall be the Total Interest Amount on the First Convertible Security of \$400,000 divided into 24 equal portions which accrue monthly from the First Closing until the end of the Term of the First Convertible Security is complete. In the event that a buy-back pursuant to clause 5.1 occurs, the amount of the then Accrued Pre-Paid Interest owing in respect of the First Convertible Security shall be the Total Interest Amount less any Accrued Pre-Paid Interest previously converted or repaid.
- (c) The Company and the Investor agree that the Effective Interest Rate of an outstanding Convertible Security shall not exceed 24% per annum. The Company shall not be obligated to pay the Investor any interest that would result in the Effective Interest Rate of a Convertible Security to be greater than an Effective Interest Rate of 24% per annum, and any such additional accrued interest shall be forfeited. For greater certainty, any interest payments made pursuant to clause 14(e) shall be considered interest payments in calculating the Effective Interest Rate.

3. Closing Fees and Warrants

3.1 Closing Fees

At the:

- (a) First Closing, the Company must pay the First Closing Fee to the Investor, which payment must be paid and discharged by the Company by being offset against the

funding obligation of the Investor under clause 2.1(a), such that the Investor pays C\$1,900,000 at the First Closing for the First Convertible Security; and

- (b) Second Closing (if it occurs), the Company must pay the Second Closing Fee to the Investor, which payment must be paid and discharged by the Company by being offset against the funding obligation of the Investor under clause 2.1(d), such that the Investor pays the Funded Amount less 5% of the Funded Amount at the Second Closing for the Second Convertible Security.

3.2 Closing Warrants

At the:

- (a) First Closing, the Company shall grant to the Investor or Designated Warrant Holder, as directed by the Investor, the First Warrants and promptly deliver to the Investor a warrant certificate representing the First Warrants; and
- (b) Second Closing (if it occurs), the Company shall grant to the Investor or Designated Warrant Holder the Second Warrants and promptly deliver to the Investor a warrant certificate representing the Second Warrants.

4. Conditions Precedent to Closing

4.1 Conditions Precedent to Closing – Investor

The Investor will have no obligation to pay or advance the amounts under clause 2.1(a) or clause 2.1(d) (as and if applicable) to the Company or to effect the relevant Closing, unless and until the following conditions are fulfilled, or waived in writing by the Investor, by no later than immediately prior to the relevant Closing:

- (a) The Company has delivered or caused to be delivered to the Investor, and the Investor has received, the following:
 - (i) a copy of the resolutions duly adopted by the Board of Directors of the Company, approving the execution and delivery of this Agreement and the transactions contemplated hereby, in form acceptable to the Investor acting reasonably;
 - (ii) an executed copy of each of the documents required by clause 10.4;
 - (iii) copies of such additional documents (including evidence demonstrating all relevant approvals have been obtained from each person who is a party to an agreement with the Company where the transactions contemplated by a Closing would otherwise contravene, breach or constitute an event of default under that agreement with such person, as applicable), certificates, payments, assignments, transfers and other deliveries as the Investor or its legal counsel may reasonably request and as are customary in Canada to effect a closing of the matters contemplated at the First Closing and the Second Closing (as applicable) under this Agreement; and
 - (iv) the flow of funds request, substantially in the form set out in Annexure B (*Funds Flow Request*).
- (b) Where the relevant Closing, or the issue of the relevant Convertible Security, or Warrants, may not be effected under Canadian Securities Laws or the Corporations Act in the absence of shareholder approval, the Company has obtained all shareholder approvals for the purposes of the Corporations Act and any Canadian

Securities Laws and delivered to the Investor, and the Investor has received, documentary evidence (reasonably satisfactory to the Investor) of such shareholder approval having been obtained.

- (c) The representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the dates as of which they are made or deemed to be made under this Agreement.
- (d) Any and all consents, permits, approvals, registrations, waivers and documents, in the reasonable opinion of the Investor that are necessary or appropriate for the consummation of those Contemplated Transactions that would be consummated at the relevant Closing, have been issued by the Company and received by the Investor and remain in full force and effect.
- (e) The Investor is of the opinion that:
 - (i) no Event of Default has occurred; and
 - (ii) no Event of Default would result from the relevant Closing being effected.
- (f) The Company has performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by the Company as at, or prior to, the relevant Closing.
- (g) The Company has received the conditional approval of the TSXV in respect of the issuance of the relevant Convertible Securities or Warrants, as the case may be, and the listing of the Shares underlying such Convertible Securities or Warrants. If the TSXV approval received by the Company at the time of the First Closing does not cover the Second Convertible Securities (including the Shares issuable thereunder) and the Second Warrants (including the Shares issuable thereunder), the Company shall have obtained TSXV approval in respect of the Second Convertible Securities (including the Shares issuable thereunder) and the Second Warrants (including the Shares issuable thereunder), in the time-frame that will allow the Company to issue such securities to the Investor as provided for under this Agreement. To the extent any TSXV approval is conditional upon the Company subsequently filing additional information or documentation with the TSXV, the Company shall use its commercial best efforts to complete all such filings in the prescribed time period.
- (h) The Investor has received each of the documents required to be delivered, or which evidences satisfaction of the conditions, in accordance with paragraphs (a) – (f) of this clause 4.1 in connection with the relevant Closing.
- (i) The Investor shall have, to its satisfaction, perfected the security interests granted in the assets and collateral described in clause 10.4.
- (j) The Investor's bank or other financial institution has not withheld its approval or authorization for the Investor to make any advance to the Company required to be made by the Investor under this Agreement.
- (k) Prior to the Second Closing, if any, the condition in clause 10.4(d) shall have been satisfied.

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

4.2 Conditions Precedent to Closing – Company

- (a) The Company will have no obligation to effect the relevant Closing, unless and until the following conditions are fulfilled, or waived in writing by the Company, by no later than immediately prior to the relevant Closing.
- (i) The Investor has performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by the Investor as at, or prior to, the relevant Closing.
 - (ii) The representations and warranties of the Investor contained in this Agreement are true and correct in all material respects as of the dates as of which they are made or deemed to be made under this Agreement.
 - (iii) The Company has received the conditional approval of the TSXV in respect of the issuance of the relevant Convertible Securities or Warrants, as the case may be, and the listing of the Shares underlying such Convertible Securities or Warrants. If the TSXV approval received by the Company at the time of the First Closing does not cover the Second Convertible Securities (including the Shares issuable thereunder) and the Second Warrants (including the Shares issuable thereunder), the Company shall have obtained TSXV approval in respect of the Second Convertible Securities (including the Shares issuable thereunder) and the Second Warrants (including the Shares issuable thereunder) in the time-frame that will allow the Company to issue such securities to the Investor as provided for under this Agreement.
 - (iv) Where the issue of the Second Convertible Security, if any, may not be effected under Canadian Securities Laws or the Corporations Act in the absence of shareholder approval, the Company has obtained all shareholder approvals for the purposes of the Corporations Act and any Canadian Securities Laws.

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

5.1 Buy-Back

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

outstanding Accrued Pre-Paid Interest) (**Buy-Back Conversion Shares**) at the Conversion Price (**Buy-Back Conversion Amount**).

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

5.2 Repayment

- (a) Commencing in the calendar month which is the end of the Lock-Up Period, and which shall be deemed a whole month, and for that month and until the Funded Amount of the applicable Convertible Security is fully repaid, the Company shall, subject to this clause 5.2, pay to the Investor in partial repayment of the Funded Amount (each a **Repayment**), an amount equal to C\$100,000 for each month.
- (b) If the Investor waives any Repayment under clause 5.2(a), the obligation to make such Repayment shall be suspended for the duration of such waiver and shall continue thereafter for the total period specified in clause 5.2(a).
- (c) Repayments shall be made in immediately available cash by way of wire transfer or such other method reasonably acceptable to the Company that is approved by the Investor, in its sole discretion. Repayments shall be made on the last day (or the next Business Day thereafter if not a Business Day) of each month on account of the Repayment payable in respect of the month in which such Repayment is incurred.
- (d) If a Conversion occurs during a relevant month and:
 - (i) the Conversion Amount is less than the Funded Amount required to be repaid in that month, being C\$100,000, then the amount of the Repayment required under this clause 5.2 in such month shall be reduced by the amount of such Conversion; or
 - (ii) the Conversion Amount is more than the Funded Amount required to be repaid in that month, being C\$100,000, then the amount of the Repayment required under this clause 5.2 in such month shall be waived and any excess amount converted in the relevant month shall be applied to the Repayment required in the next immediately following month or months. For greater certainty, if such excess Conversion Amount is in excess of the next scheduled Repayment, such excess amount shall be applied against the Repayment next subsequent to the Repayment satisfied in full by the Conversion Amount.

5.3 Conversion of the Convertible Security

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

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

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

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

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

5.4 Issuing of Investor's Shares

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

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

5.5 Limitation on Shares Issuable on Conversion

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

6. Additional Conditions to Investor's Shares

6.1 Conditions to issue of Investor's Shares

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

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

6.2 Consequence of failure to meet conditions

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

7. Representations and Warranties by the Company

7.1 Representations and Warranties

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

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

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

- (c) **(No contravention)** The entry into the Transaction Documents by the Company and the undertaking of the Contemplated Transactions will not cause the Company to breach or contravene:
 - (i) its articles of incorporation, by-laws or any of its other constating documents;
 - (ii) any agreement it has with any other third party and does not constitute an event of default under any such agreement;
 - (iii) any applicable Law;
- (d) **(Securities)** The Company is authorized to issue an unlimited number of Shares, of which 102,000,101 Shares are issued and outstanding as of the Execution Date.
- (e) **(Binding obligations)** This Agreement has been duly executed and delivered by the Company, and this Agreement and each Transaction Document constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.
- (f) **(Security structure)**
 - (i) No person is entitled, or purports to be entitled, to any right of first refusal, pre-emptive right, right of participation, or any similar right, to participate in the Contemplated Transactions or otherwise with respect to any securities of the Company.
 - (ii) The Company has not granted security with respect to any indebtedness or other obligation of the Company, other than the security granted to Trichome set out in the Disclosure Schedule.

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

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

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

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

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

(n) **(Litigation)**

- (i) Except as disclosed in the Disclosure Schedule, there are no pending actions, suits or proceedings against or affecting the Company, its Subsidiaries or any of its or their properties and, to the Company's knowledge, no such actions, suits or proceedings are threatened or contemplated;
- (ii) There has not been, and to the Company's knowledge there is no, pending or contemplated investigation by any Governmental Authority involving the Company, its Subsidiaries or any current or former director or officer of the Company or any of its Subsidiaries; and
- (iii) There is no agreement, judgment, injunction, order or decree binding upon the Company or its Subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting or materially impairing any business practice of the Company or its Subsidiaries, any acquisition of property by the Company or any of its Subsidiaries.

(o) **(Compliance)** Neither the Company nor any Subsidiary:

- (i) is in default under, or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), except where such default or violation would not be expected to have a Material Adverse Effect; or
- (ii) is in violation of any order of any court, arbitrator or Governmental Authority; or
- (iii) is in violation of any Law in any respect, except where such violation would not be expected to have a Material Adverse Effect.

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

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

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

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

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

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

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

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

7.2 Investor’s reliance

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

7.3 Construction of representation and warranties

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

7.4 Disclosures and limitations

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

7.5 Notice

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

8. Representations and Warranties of the Investor

8.1 Representations and warranties

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

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

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

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

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

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

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

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

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

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

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

8.2 Company's reliance

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

8.3 Construction of representation and warranties

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

8.4 Notice

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

9. Terms of the Warrants

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

10. Additional Covenants and Agreements

10.1 U.S. Transfer and Sale Restrictions

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

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

10.2 Ranking of the Investor's Shares

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

10.3 Ranking of Investor's interest in each Convertible Securities; Additional Funding

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

10.4 Grant of Security

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

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

- (c) The Company shall cooperate with the Investor and Trichome in order for the Investor and Trichome to negotiate and enter into a subordination agreement (the **Subordination Agreement**) to limit the priority of Trichome's first ranking security against the Company to C\$12,500,000, which agreement shall be entered into prior to the First Closing Date.
- (d) Prior to the Second Closing, if any, the Subordination Agreement shall be amended to increase the limit on the Investor's subordinated debt to the aggregate of the Amount Outstanding of the First Convertible Security plus the Amount Outstanding of the Second Convertible Security, and the Company shall cooperate with the Investor and Trichome in order for the Investor and Trichome to negotiate and enter into such amendment to the Subordination Agreement.

10.5 Compliance with Laws

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

10.6 TSXV Listing

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

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

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

be adjusted for the exchange ratio applicable in the relevant arrangement or take-over bid, and the Investor shall have the right to consent to the accuracy of such adjustment. If the Investor exercises its right in this clause, and the Company is unable to, or the other company does not, enter into an assignment and/or novation acceptable to the Investor, then the failure to do so shall be considered an Event of Default.

10.8 Prohibited Transactions

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

The Company and the Investor agree to use their commercial best efforts to negotiate and execute an agreement regarding potential future equity issuances by the Company to the Investor within thirty (30) days of the First Closing Date, such agreement to be subject to TSXV approval, if required.

10.9 No shorting

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

10.10 Investor's Share Custodian

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

10.11 Set-Off

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

10.12 Set-Off Exclusion

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

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

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

10.13 Miscellaneous Negative Covenants

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

- (a) dispose, in a single transaction, or in a series of transactions, of: (i) all of its assets, or (ii) during the Term, any part of its assets with aggregate fair market value of more than C\$250,000; unless such disposal is in the ordinary course of business;

- (b) cease to be a “reporting issuer” under Canadian Securities Laws;
- (c) de-list its Shares from the TSXV, provided that this provision shall not prevent the Company from completing any transaction which would result in the Company ceasing to be listed on the TSXV so long as the holders of Shares receive securities of an entity which is listed on the TSXV or the Toronto Stock Exchange or cash or the holders of the Shares have approved the transaction in accordance with the requirements of Canadian Securities Laws, US Securities Laws and corporate laws, subject to the Company’s compliance with its obligations in clause 10.7, if the Investor exercises its right in clause 10.7;
- (d) undertake any consolidation of its share capital or such consolidation is required by the TSXV or required such that the Market Price is greater than C\$0.05 per Share, provided that notice of any such required consolidation will be provided to the Investor as soon as reasonably practicable;
- (e) delist its Shares from the TSXV without listing the Shares on the Toronto Stock Exchange or another nationally recognized stock exchange in Canada or the United States;
- (f) reduce its paid-up or stated capital;
- (g) transfer the jurisdiction of incorporation of the Company or any of its Subsidiaries, without the Investor’s prior written consent, which consent shall not be unreasonably withheld or delayed; or
- (h) enter into any agreement with respect to any of the matters referred to in paragraphs (a) – (g).

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

10.14 Use of Proceeds

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

10.15 Withholding Gross-Up

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

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

10.16 United States Resale

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

10.17 Warrant Exercise Proceeds Set-Off

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

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

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

10.19 Voting Trust Arrangements

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

11. Taxes

- (a) Without limiting anything else in this Agreement the Company shall:
 - (i) pay any Tax required to be paid to any Governmental Authority which is payable by the Company in respect of this Agreement or any Contemplated Transaction (including in respect of the execution,

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

12. Default

12.1 Events of Default

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

- (a) Any of the representations, warranties, or covenants made by the Company or any of its agents, officers, directors, employees or representatives in any Transaction Document, Materials or public filing are inaccurate, false or misleading in any material respect, as of the date as of which it is made or deemed to be made, or any certificate or financial or other written statements furnished by or on behalf of the Company to the Investor, any of its representatives, or the Company's shareholders, is inaccurate, false or misleading, in any material respect, as of the date as of which it is made or deemed to be made or repeated (in each case where qualified by an express reference to the representation or the warranty being given on a particular other date or dates, on that date or dates).
- (b) The Company or any Subsidiary of the Company suffers or incurs an Insolvency Event.
- (c) The Company or any of its Subsidiaries ceases, suspends, or threatens to cease or suspend, the conduct of all or a substantial part of its business, or disposes, in a single transaction, or in a series of transactions, of all or substantially all of its assets;
- (d) The Company or any of its Subsidiaries takes action to reduce its capital in accordance with Section 34 of the Corporations Act.
- (e) There is a cease trade order against the Company, a management cease trade order in respect of the Company, or the Company ceases to be a "reporting issuer" under Canadian Securities Laws in any province (or applies to do so).

- (f) The Shares are de-listed from the TSXV, provided that it shall not be an Event of Default if the Investor exercises its right set forth in clause 10.7.
- (g) The Shares become listed on any stock exchange other than the TSXV or the Toronto Stock Exchange, unless the Shares remain listed on one of the TSXV or the Toronto Stock Exchange.
- (h) Any of the conditions set out in clauses 4.1, or 6.1 have not have been fulfilled in a timely manner or the time prescribed.
- (i) The Company challenges, disputes or denies the right of the Investor to receive any Securities hereunder, or otherwise dishonours or rejects any action taken, or document delivered, in furtherance of the Investor's rights to receive any Investor's Shares or Warrants.
- (j) A Transaction Document or a Contemplated Transaction is claimed by any person that is not the Investor, to be wholly or partly void, voidable or unenforceable in any respect, or has been determined by a court of competent jurisdiction to be wholly or partly void, voidable or unenforceable in any respect.
- (k) A court of competent jurisdiction makes an ultimate determination in favour of any action, claim, proceeding, suit, investigation, or action against any other person or otherwise asserted before any Governmental Authority, which seeks to restrain, challenge, deny, enjoin, limit, modify, delay, or dispute, the right of the Investor or the Company to enter into any Transaction Documents or undertake any of the Contemplated Transactions.
- (l) Any event, condition or development occurs or arises which in the opinion of the Investor (acting reasonably) has or could have a Material Adverse Effect.
- (m) Any consent, permit, approval, registration or waiver necessary for the consummation of those Contemplated Transactions that remain to be consummated at the applicable time, has not been issued or received, or does not remain in full force and effect at the applicable time.
- (n) The TSXV revokes any conditional approval it has granted in respect of any of the Securities to be issued pursuant to this Agreement or the Company does not satisfy the conditions of such approval within the prescribed time period.
- (o) The Investor has not received all those items required to be delivered to it in connection with a Closing, or upon the exercise of Warrants in accordance with this Agreement.
- (p) The Company subsequently becomes prohibited under Canadian Securities Laws, the Corporations Act, or the TSXV Rules from issuing Shares to the Investor under this Agreement.
- (q) The Company fails to perform, comply with, or observe, any other term, covenant, undertaking, obligation or agreement under any Transaction Document, including without limitation, the failure to pay any cash amount owing to the Investor hereunder at the time such payment is due.
- (r) A default judgment of an amount of C\$100,000 or greater is entered against the Company or any of its Subsidiaries.
- (s) The Company and/or any of its Subsidiaries defaults in relation to a payment obligation in the amount of C\$100,000 or greater under any financial accommodation, including any loan, advance, debenture or other form of financing entered into with a

third party (taking into account any applicable grace period agreed by the relevant third party).

- (t) The Company or any of its Subsidiaries has any present or future liabilities, including contingent liabilities, for an amount or amounts totalling more than C\$250,000 which have not been satisfied on time or within 90 days of invoice, or have become prematurely payable as a result of its default or breach (howsoever described).
- (u) The Company fails to comply with its covenant in clause 10.7 if the Investor exercises its right in clause 10.7.
- (v) The Company fails to comply with its obligation to deliver Conversion Shares in accordance with this Agreement.
- (w) The Company fails to make a Repayment when due.
- (x) The Company or a Subsidiary fails to grant or perfect the liens or security interests or deliver the executed agreements which grant such liens and security interests, or fail to comply with their obligations under such agreements, in each case as set out in clause 10.4 and the relevant agreements.
- (y) The Company threatens, or commences, any lawsuit or legal proceeding before any court challenging this Agreement or the legality of any obligation of the Company hereunder.
- (z) The Company's Market Capitalization falls below \$12,000,000 for a period of more than 10 consecutive trading days.

12.2 Investor Right to Investigate an Event of Default

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

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

12.3 Limited Cure Period

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

- (b) The cure period in clause 12.3(a) will not apply to any Event of Default with respect to any payment obligation of the Company to the Investor under this Agreement, any obligation of the Company to issue Shares to the Investor or in connection with any Insolvency Event.

13. Notice of Event of Default

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

14. Rights of the Investor upon an Event of Default

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

Outstanding on the Convertible Securities to the Investor on a monthly basis in arrears on the last day of each calendar month following the Event of Default (or such other date as notified in writing by the Investor to the Company or as otherwise required under clause 14(b)).

- (f) Upon the occurrence or existence of any Event of Default, in addition to all other remedies at law and in equity, the Investor may, at its option, take all actions and remedies provided for in the security instruments and filings securing the liens described in clause 10.4 herein, which remedies may include, without limitation, foreclosing and enforcing on its security interests granted in clause 10.4 herein.

15. Termination

15.1 Events of Termination

This Agreement:

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

15.2 Effect of Termination

- (a) Subject to clause 15.2(b), each Party's right of termination under clause 15.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies.
- (b) If the Investor terminates this Agreement under clause 15.1(a)(i):
 - (i) the Investor may declare, by notice to the Company, all outstanding obligations by the Company under the Transaction Documents to be due and payable (including, without limitation, the immediate repayment of any Amount Outstanding) without presentment, demand, protest or any other notice of any kind, all of which are expressly waived by the Company, anything to the contrary contained in this Agreement or in any other Transaction Document notwithstanding; and

- (ii) the Company must within five (5) Business Days of such notice being received, pay to the Investor in immediately available funds the Amount Outstanding for each Convertible Security to the Investor, unless the Company otherwise complies in all respects with its obligation to issue Conversion Shares set forth in clause 5.3 of this Agreement (which obligation will survive termination).
- (c) Upon termination of this Agreement, the Investor will not be required to fund any further amount nor effect any Closing, provided that termination will not affect any undischarged obligation under this Agreement, including, for the avoidance of doubt any obligation of the Company to issue Shares on exercise of Warrants and of any obligation of the Company to issue any additional Convertible Securities.
- (d) Nothing in this Agreement will be deemed to release any Party from any liability for any breach by such Party of the terms and provisions of this Agreement or to impair the right of any Party to compel specific performance by any other Party of its obligations under this Agreement.

16. Survival and Indemnification

16.1 Survival

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

16.2 Indemnification of Investor

- (a) Subject to the other terms and conditions of this clause 16, an Investor Indemnified Person will not be liable to the Company, and the Company shall indemnify and hold harmless each of the Investor, any general partner or manager of the Investor, and Affiliates of each of those parties, and the respective directors, officers, members, shareholders, partners, employees, attorneys, agents and permitted successors and assigns of each of the Investor, any general partner or manager of the Investor, and Affiliates of each of those parties (each, an *Investor Indemnified Person*), from and against any and all losses, claims, damages, liabilities, awards, demands and expenses (including, without limitation, all judgments, amounts paid in settlements, reasonable solicitors' fees and costs and attorney fees and disbursements and other expenses incurred in connection with investigating, preparing or defending any action, claim, proceeding, suit, investigation, or action by any Governmental Authority, pending or threatened, and the costs of enforcement) (collectively, *Losses*), that arise out of, are based on, relate to, or are incurred in connection with, any of the following:
 - (i) a breach or non-performance by the Company of its covenants under this Agreement;
 - (ii) a breach or an inaccuracy of any of the Company's representations or warranties made in this Agreement;
 - (iii) any Misrepresentation made in the Materials or the Company's Public Record or the Disclosure Schedule in relation to the Company or the Contemplated Transactions;

- (iv) any non-disclosure of any material fact or material change in relation to the Company or the Contemplated Transactions, or necessary to make the statements in the Materials or the Company's Public Record in light of the circumstances under which they were made, not misleading; and
- (v) any inquiry, investigation or proceeding commenced or threatened by, or in, any court, administrative body, securities commission, stock exchange or other competent authority (each a **Proceeding**) based upon, or resulting from, the execution, delivery, performance or enforcement of any of the Transaction Documents, and whether or not the Investor is party thereto by claim, counterclaim, crossclaim, as a defendant or otherwise, or if such Proceeding is based upon, or results from, any of those items referred to in paragraphs (i) – (iv),

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

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

17. Miscellaneous

17.1 Time of the essence

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

17.2 No partnership or advisory or fiduciary relationship

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

17.3 Remedies and injunctive relief

- (a) The rights and remedies of the Investor set out in this Agreement and the other Transaction Documents are in addition to all other rights and remedies given to the Investor by law or otherwise.
- (b) The Company acknowledges that:
 - (i) monetary damages alone may not be adequate compensation to the Investor for a breach by the Company of this Agreement; and
 - (ii) the Investor may seek an injunction or an order for specific performance from a court of competent jurisdiction if:
 - (A) the Company fails to comply or threatens not to comply with this Agreement; or
 - (B) the Investor has valid reasons to believe that the Company will not comply with this Agreement.

17.4 Adjustments

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

17.5 Successors and assigns

- (a) The rights and obligations of the Parties under this Agreement are personal and may not be assigned to any other person or assumed by any other person, except as expressly provided in this clause 17.5.

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

17.6 Counterparts and e-mail

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

17.7 Notices

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

Investor and the E-mail Time falls outside of Business Hours in the place of delivery,

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

- (d) All notices and other communications required to be delivered in accordance with this Agreement will be sent to the representatives of the Party to be notified at the addresses or e-mail addresses indicated respectively below, or at such other addresses or e-mail addresses as the Parties may from time to time by like notice specify:

- (i) If to the Company:
530 Trillium Drive
Kitchener, ON N2R 1J4
Canada

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

with a copy to

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

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

- (ii) If to the Investor:

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

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

17.8 Amendments and waivers

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

17.9 Legal Costs

- (a) Except as otherwise agreed and as set out in clause 17.9(b), each Party will bear its own legal costs in connection with the preparation of this Agreement.
- (b) The Parties acknowledge that the Company has made a non-refundable prepayment of C\$25,000 towards the Investor's legal costs in connection with this Agreement and the Contemplated Transactions. Further, upon the earlier of (i) the completion of the First Closing or (ii) the termination of this Agreement, and upon the Investor providing

the Company with invoices for additional legal and due diligence costs in connection with this Agreement and the Contemplated Transactions, the Company will be obligated to pay up to a further C\$20,000 to the Investor's legal counsel (and/or other professional advisors engaged by the Investor) in respect of the Investor's legal and/or due diligence costs actually incurred in connection with this Agreement and the Contemplated Transactions.

17.10 Payments under this Agreement

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

17.11 Financial calculations

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

17.12 Non circumvention

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

17.13 Good Faith

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

17.14 Publicity and confidentiality

- (a) The Company shall not, (and will use its best endeavours to ensure that none of its Affiliates or any persons acting on behalf of the Company and any of its Affiliates), issue any public release or announcement concerning this Agreement, its subject-matter or content, or the Contemplated Transactions, or disclose any information provided by the Investor (including the terms of any Transaction Documents)

(Relevant Information), without the prior written consent of the Investor (which consent will not be unreasonably withheld or delayed), subject to clause 17.14(c).

- (b) In any public release or announcement proposed to be made pursuant to Canadian Securities Laws, where the proposed public release or announcement proposes to make a reference to the Investor, the Company shall provide a copy of the proposed announcement to the Investor for review prior to release, subject to clause 17.14(c).
- (c) If the Company is required to make a disclosure concerning Relevant Information pursuant to Canadian Securities Laws, US Securities Law, the Corporations Act, TSXV Rules or by an order of a Government Authority, and the Company (acting reasonably) in order to comply with its legal or regulatory obligations does not have sufficient time to discuss the form of disclosure with the Investor or provide the Investor with a copy of the disclosure prior to making such disclosure, then the Company must:
 - (i) ensure that any disclosure made regarding Relevant Information is restricted and limited in content and scope to the maximum extent permitted by Law to meet the relevant disclosure requirement; and
 - (ii) provide a copy of such disclosure (where it is public information) to the Investor as soon as reasonably possible.

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

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

17.15 Severability and supervening legislation

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

17.16 Illegality and impossibility

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

17.17 Change in Law

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

17.18 Entire Agreement

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

17.19 Governing Law

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

17.20 Jurisdiction

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

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

Executed as an agreement.

**Executed by James E. Wagner Cultivation
Corporation**

Nathan Woodworth
6832A3268973407B0525AE88C821B68C CONTROL NUMBER

Signature

Name: Nathan Woodworth

Title: President, CEO and Director

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

Signature

Jeff Easton

Managing Director

Executed as an agreement.

Executed by James E. Wagner Cultivation Corporation

Signature

Name:

Title:

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



Signature

Jeff Easton

Managing Director

Schedule 1 – Disclosure Schedule

Refer to the enclosed.

JWC DISCLOSURE SCHEDULE

SECTION 7.1(F)(ii)

File No.	Registration No.	Debtor(s)	Secured Party	Collateral Class
748423161	2019 0219 1336 1590 0287 Reg. 3 year(s) Expires February 19, 2022	James E. Wagner Cultivation Corporation	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423206	2019 0219 1336 1590 0288 Reg. 3 year(s) Expires February 19, 2022	James E. Wagner Cultivation Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423431	2019 0219 1338 1590 0292 Reg. 3 year(s) Expires February 19, 2022	GrowthStorm Inc.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423377	2019 0219 1338 1590 0921 Reg. 3 year(s) Expires February 19, 2022	JWC Supply Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423314	2019 0219 1337 1590 0290 Reg. 3 year(s) Expires February 19, 2022	JWC 2 Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423269	2019 0219 1337 1590 0289 Reg. 3 year(s) Expires February 19, 2022	JWC 1 Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle

SECTION 7.1(F)(iv)(A)

Convertible Securities	Number Outstanding
Warrants	10,327,275
Compensation Options	1,824,773
Stock Options	900,000

SECTION 7.1(F)(iv)(D)

Indebtedness in the amount of \$10,000,000 owing to Trichome Financial Corp. from time to time pursuant to the amended and restated loan agreement between, among others, the Company and Trichome, dated November 6, 2019, as may be amended further from time to time.

SECTION 7.1(K)

The Company has two wholly-owned subsidiaries: James E. Wagner Cultivation Ltd. and GrowthStorm Inc.

James E. Wagner Cultivation Ltd. was incorporated under the *Business Corporations Act* (Ontario) on October 1, 2013, and is a licenced producer pursuant to the *Cannabis Act*. On June 7, 2018, James E. Wagner Cultivation Ltd. amalgamated with 2622627 Ontario Inc. and continued operations under the name "James E. Wagner Cultivation Ltd.". GrowthStorm Inc. was incorporated under the *Business Corporations Act* (Ontario) on November 29, 2017, but as of the date hereof, has not conducted any business operations.

James E. Wagner Cultivation Ltd. has three wholly-owned subsidiaries, JWC 1 Ltd., JWC 2 Ltd. and JWC Supply Ltd., all of which were incorporated under the *Business Corporations Act* (Ontario) on November 29, 2017. As of the date hereof, none of these subsidiaries have conducted any business operations.

SECTION 7.1(L)

None since September 30, 2019.

SECTION 7.1(N)

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

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

An amended statement of claim was filed on March 26, 2019, and a statement of defence was filed on May 31, 2019. As of the date hereof, there has been no further action since the statement of defence was filed.

SECTION 7.1(O)

No disclosure required.

SECTION 7.1(P)

No disclosure required.

SECTION 7.1(W)

No disclosure required.

Annexure A – Warrant Certificate

Refer to the enclosed.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [●], 2020.

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THESE SECURITIES 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. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY: (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATIONS UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) PURSUANT TO THE EXEMPTIONS FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY: (I) RULE 144 THEREUNDER, IF AVAILABLE; OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND, IN BOTH CASES, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, IN THE CASE OF PARAGRAPH (C)(I) OR (D) ABOVE, OR IF OTHERWISE REQUIRED BY THE CORPORATION, THE SELLER HAS FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

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

THIS WARRANT CERTIFICATE IS VOID IF NOT EXERCISED ON OR BEFORE
5:00 P.M. (NEW YORK TIME) ON [●], 202[1].

THIS WARRANT IS TRANSFERABLE.

WARRANT CERTIFICATE
JAMES E. WAGNER CULTIVATION CORPORATION
●, 201[9]

Warrant Certificate No. [●]

[●] WARRANTS (the "Warrants"), each Warrant entitling the holder to acquire, subject to adjustment, one Common Share of James E. Wagner Cultivation Corporation

THIS IS TO CERTIFY THAT, for value received, Lind Global Macro Fund, LP (the "Holder"), at 444 Madison Ave. Fl 41, New York, NY 10022 USA, is entitled to subscribe for and purchase [●] fully paid

and non-assessable Common Shares (the "Warrant Shares") of James E. Wagner Cultivation Corporation (the "Corporation") at the Exercise Price (as defined below) per Warrant Share until 5:00 p.m. (New York time) (the "Expiry Time") on the Expiry Date (as defined below).

The Warrants are exercisable at any time and from time to time after the date of this Warrant Certificate up to the Expiry Time, in whole or in part, subject, however, to the provisions of the Convertible Security Funding Agreement, as defined herein, and upon the terms and conditions hereinafter set out.

All references herein to dollar amounts are to the lawful money of Canada, unless specified otherwise.

1. Interpretation

In this Warrant Certificate, unless the context otherwise requires, capitalized terms used but not otherwise defined in this Warrant Certificate shall have the meaning ascribed thereto in the Convertible Security Funding Agreement, and the following terms have the following meanings:

- (a) "Business Day" means any day of the year: (i) other than a Saturday, Sunday or a statutory holiday in New York, New York or Toronto, Ontario; and (ii) on which the Exchange is open for business;
- (b) "Common Shares" means common shares in the share capital of the Corporation;
- (c) "Convertible Security Funding Agreement" means the convertible security funding agreement entered into on December [●], 2019 between the Corporation and the Holder;
- (d) "Current Market Price" means on any given date the volume weighted average trading price on the Exchange (or, if the Common Shares are not listed and posted for trading on the Exchange, such other stock exchange or over-the-counter market on which the Common Shares may be listed or quoted) for the 20 Trading Days ending three Trading Days prior to the relevant date;
- (e) "Exchange" means the TSX Venture Exchange or such other stock exchange on which the Common Shares are listed or quoted;
- (f) "Exercise Price" means \$C[●];
- (g) "Expiry Date" means [●], 202[1];
- (h) "Trading Day" means a day on which not less than a board lot of Common Shares has traded on the Exchange;
- (i) "U.S. Person" means a "U.S. person" as such term is defined in Rule 902(k) of Regulation S under the U.S. Securities Act;
- (j) "U.S. Securities Act" means the United States Securities Act of 1933, as amended; and
- (k) "Warrant Certificate" means this certificate representing the Warrants.

2. Exercise of Warrants.

- (a) The Warrants may be exercised in whole or in part from time to time in the sole discretion of the Holder by delivery to the Corporation at its principal office in Kitchener, Ontario of a written notice of exercise in the form attached as Schedule A hereto prior to the Expiry Time specifying the number of Warrant Shares with respect to which the Warrants are then being exercised and accompanied by payment in full of the purchase price for the Warrant Shares then being purchased and the original copy of this Warrant Certificate. In the event that the Holder subscribes for and purchases less than the full number of Warrant Shares entitled to be subscribed

for and purchased under this Warrant Certificate prior to the Expiry Time, the Corporation shall issue a new certificate to the Holder in the same form as this Warrant Certificate with appropriate changes, such certificate to be delivered by courier to the Holder concurrently with the delivery by courier to the Holder of the certificates representing the Warrant Shares acquired on exercise.

- (b) Upon due exercise of the Warrants by the Holder, the Warrant Shares so subscribed for shall be deemed to have been issued as fully paid and non-assessable shares and the person to whom such Warrant Shares are to be issued shall be deemed to have become the holder of record of such Warrant Shares on the date of exercise unless the transfer books of the Corporation shall be closed on such date, in which case the Warrant Shares so subscribed for shall be deemed to have been issued and such person shall be deemed to have become the holder of record of such Warrant Shares on the date on which such transfer books were reopened and such Warrant Shares shall be issued at the Exercise Price in effect on the date of exercise.
- (c) Notwithstanding the partial exercise of the Warrants by the Holder, the Warrants may be exercised at any time (and from time to time) prior to the Expiry Time for all or any part of the Warrant Shares which, prior to such time, have not been issued to the Holder. The Holder will be deemed to have represented and warranted its compliance with the re-sale and transfer restrictions set forth in Section 19(b) below upon the exercise of any Warrants in the United States or to, or for the account or benefit of, any U.S. Person.
- (d) When the transfer books of the Corporation have been opened for three (3) Business Days after the due exercise or partial exercise of the Warrants, the Corporation shall use its reasonable best efforts to cause a certificate evidencing the number of Warrant Shares so subscribed for to be delivered by courier to the person in whose name such Warrant Shares are to be issued (as specified in the notice of exercise) at the address specified in the notice of exercise, within five (5) Business Days thereafter or shall cause the Warrant Shares to be entered into a direct registration or other electronic book-entry system if no certificates are issued, provided that, if no certificates are issued, such Warrant Shares may be issued with a restricted CUSIP.
- (e) The Warrants and the Warrant Shares have not been registered under the U.S. Securities Act. The Warrants may not be exercised within the United States or by or on behalf of a U.S. Person unless registered or exempt from the registration requirements thereunder.
- (f) Subject to the terms hereof, this Warrant Certificate may be transferred, subject to the terms set forth in the transfer form attached as Schedule B hereto ("**Transfer Form**"). No transfer of this Warrant Certificate shall be effective unless this Warrant Certificate is accompanied by a duly executed Transfer Form or other instrument of transfer in such form as the Corporation may from time to time prescribe, together with such evidence of the genuineness of each endorsement, execution and authorization and of other matters as may be required by the Corporation, and delivered to the Corporation. No transfer of this Warrant Certificate shall be made if, in the opinion of counsel to the Corporation, such transfer would result in the violation of any applicable securities laws. Subject to the foregoing, the Corporation shall issue and mail, as soon as practicable, and in any event within five (5) Business Days of the receipt by the Corporation of this Warrant Certificate and the Transfer Form, a new Warrant Certificate (with or without legends as determined by the Corporation) registered in the name of the transferee or as the transferee may direct and shall take all other necessary actions to effect the transfer as directed.
- (g) In the event that an exercise of Warrants would result in the Holder becoming an "Insider" (as defined in the Exchange Corporate Finance Policies) of the Corporation, such exercise of Warrants will be postponed and will not be effective until the Exchange has approved a personal information form, or waived the requirement therefor, in respect of the Holder. In addition, in the event that an exercise of Warrants would "materially affect the control" (as such term is used in the definition of "Control Person" in the Exchange Corporate Finance Policies) and/or results in the Holder becoming a "control person" (as defined in the *Securities Act* (Ontario) of the

Corporation, such exercise of Warrants will be postponed and will not be effective until the parties comply with any requirements under the Exchange Corporate Finance Policies, if any.

3. Rights of Holder Before Exercise of Warrants

The Holder shall not have any rights whatsoever as a shareholder in respect of the Warrant Shares until the Warrants are exercised, in whole or in part, and payment for the Warrant Shares thereby purchased has been made.

4. Adjustments to Number or Kind of Securities Issuable on Exercise

(a) If, at any time prior to the Expiry Time, there occurs:

- (i) a reclassification or redesignation of the Common Shares or any other capital reorganization other than a Common Share Reorganization (as defined below); or
- (ii) a consolidation, merger or amalgamation of the Corporation with or into any other corporation or entity or an arrangement with any other corporation or entity which results in the cancellation, reclassification or redesignation of the Common Shares or a change or conversion of the Common Shares into other shares or securities or the holders of the Common Shares becoming entitled to receive shares or other securities of the other corporation or entity, or the transfer of all or substantially all of the assets of the Corporation to another corporation or entity or the Corporation being controlled (within the meaning of the *Income Tax Act* (Canada)) by another corporation or entity;

(any such event being herein called a "Capital Reorganization"), then, immediately upon the effective time of such Capital Reorganization and at all times thereafter, a Holder who exercises its right to subscribe for Warrant Shares shall be entitled to be issued and receive and shall accept for the same aggregate consideration, upon such exercise, in lieu of the number of Warrant Shares to which it was theretofore entitled upon exercise of the Warrants, the kind and aggregate number of shares or other securities or property of the Corporation or of the corporation or other entity resulting from such Capital Reorganization or any other corporation that the Holder would have been entitled to be issued and receive upon such Capital Reorganization if, immediately prior to the effective time thereof, it had been the registered holder of the number of Warrant Shares to which it was theretofore entitled upon exercise of the Warrants.

- (b) If necessary as a result of any Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this section with respect to the rights and interest thereafter of the Holder to the end that the provisions set forth in this section shall thereafter correspondingly be made applicable as nearly as may reasonably be practicable in relation to any shares or other securities or property thereafter issuable and deliverable upon the exercise of the Warrants.
- (c) If at any time after the date hereof and prior to the Expiry Time any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of subsection 5(a), then the number of Warrant Shares issuable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Warrant Shares issuable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction employed in the adjustment or readjustment of the Exercise Price.

5. **Adjustment of Exercise Price**

- (a) If, at any time prior to the Expiry Time, the Corporation shall:
- (i) subdivide the outstanding Common Shares into a greater number of shares;
 - (ii) consolidate the outstanding Common Shares into a lesser number of shares; or
 - (iii) make a distribution (other than a distribution referred to in subsection 5(c) of this Warrant Certificate) to the holders of all or substantially all of the Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;

(any such event being herein called a "**Common Share Reorganization**"), then the Exercise Price shall be adjusted, effective immediately after the effective date or record date at which holders of Common Shares are determined for the purposes of the Common Share Reorganization, by multiplying the Exercise Price in effect immediately prior to such effective date or record date by a fraction of which:

- A. the numerator shall be the number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganization; and
- B. the denominator shall be the number of Common Shares outstanding immediately after giving effect to such Common Shares Reorganization, including, without limitation, in the case of a distribution of securities exchangeable for or convertible into Common Shares, the number of Common Shares that would have been outstanding if such securities had been exchanged for or converted into Common Shares on such date.

To the extent that any adjustment in the Exercise Price occurs pursuant to this subsection (a) as a result of the fixing by the Corporation of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiration of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable pursuant to such exchangeable or convertible securities after such expiration.

- (b) If, at any time prior to the Expiry Time, the Corporation shall fix a record date for the issue to the holders of all or substantially all of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (which period is herein called the "**Rights Period**"), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or, in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) of less than 95% of the Current Market Price of the Common Shares on such record date (any such event being herein called a "**Rights Offering**"), the Exercise Price shall be adjusted, effective immediately after the record date, to a price determined by multiplying the Exercise Price in effect on such date by a fraction of which:

- (i) the numerator shall be the aggregate of:
 - A. the number of Common Shares outstanding on the record date for the Rights Offering; and
 - B. the number determined by dividing:
 - (I) either:

- (x) the product of the number of Common Shares offered for issue during the Rights Period upon exercise of the rights, warrants or options under the Rights Offering and the price at which such Common Shares are offered; or
- (y) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities so offered pursuant to the Rights Offering are exchangeable or convertible,

as the case may be, by:

- (II) the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
- (ii) the denominator shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to such Rights Offering (or the number of Common Shares into which the securities so offered may be exchanged or converted).

If by the terms of the rights, options or warrants referred to in this subsection (b), there is more than one purchase, conversion or exchange price per Common Share, 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, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Corporation or any subsidiary of the Corporation shall be deemed not to be outstanding for the purpose of any such computation. To the extent that any adjustment in the Exercise Price occurs pursuant to this subsection (b) as a result of the fixing by the Corporation of a record date or the distribution of rights, options or warrants referred to in this subsection (b), the Exercise Price shall be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiration.

- (c) If, at any time prior to the Expiry Time, the Corporation shall issue or distribute to the holders of all or substantially all of the Common Shares:
 - (i) Common Shares or other securities of the Corporation including, without limitation, rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares or any property or asset of the Corporation (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of at least 95% of the Current Market Price of the Common Shares on such record date), and including, without limitation, evidences of indebtedness; or
 - (ii) any property or other assets including, without limitation, cash,

and such issuance or distribution does not constitute a Rights Offering or a Common Share Reorganization (any such issuance or distribution being herein called a "Special Distribution"), then the Exercise Price shall be adjusted, effective immediately after the record date at which the holders of Common Shares are determined for purposes of the Special Distribution, to a price

determined by multiplying the Exercise Price in effect on the record date of the Special Distribution by a fraction of which:

- A. the numerator shall be the difference between:
 - (I) the product of the number of Common Shares outstanding on the record date and the Current Market Price of the Common Shares on the record date; and
 - (II) the fair market value to the holders of Common Shares, as determined by the board of directors of the Corporation acting reasonably, of the securities, rights, options, warrants, evidences of indebtedness or other assets issued or distributed in the Special Distribution; and
- B. the denominator shall be the product of the number of Common Shares outstanding on the record date and the Current Market Price of the Common Shares on the record date.

Any Common Shares owned by or held for the account of the Corporation or any subsidiary shall be deemed not to be outstanding for the purpose of such computation. To the extent that any adjustment in the Exercise Price occurs pursuant to this subsection (c) as a result of the fixing by the Corporation of a record date for the distribution of exchangeable or convertible securities or rights, options or warrants referred to in this subsection (c), the Exercise Price shall be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect if the fair market value had been determined on the basis of the number of Common Shares issued and remaining issuable pursuant to such exchangeable or convertible securities immediately after such expiration.

6. Adjustment Rules

- (a) Subject to the other provisions of this section 6, any adjustment made pursuant to sections 4 or 5 are cumulative and shall be made successively whenever any event referred to in either of such sections shall occur.
- (b) In any case where 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:
 - (i) issuing to the Holder, by reason of the adjustment required by such event, the additional Warrant Shares issuable upon exercise of the Warrants after such record date and before the occurrence of such event; and
 - (ii) delivering to the Holder any distributions declared with respect to such additional Warrant Shares after the exercise of the Warrants and before such event,

provided, however, that the Corporation shall deliver to the Holder an appropriate instrument evidencing the Holder's right, upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Warrant Shares issuable upon exercise of the Warrants and to such distributions declared with respect to any such additional Warrant Shares issuable on the exercise of the Warrants.

- (c) No adjustment in the Exercise Price shall be required unless the adjustment would result in a change of at least 1% in the Exercise Price then in effect and no adjustment shall be made in the number of Warrant Shares issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Warrant Share, provided, however, that any adjustments which, except for the provisions of this subsection (c) would otherwise have been

required to be made, shall be carried forward and taken into account in any subsequent adjustment.

- (d) No adjustment in the Exercise Price or in the number or kind of securities issuable on exercise of the Warrants shall be made in respect of any event described in sections 4 or 5 if the Holder is entitled to participate in such event (subject to Exchange acceptance) on the same terms *mutatis mutandis* as if the Holder had exercised the Warrants prior to or on the effective date or record date, as the case may be, of such event.
- (e) If the Corporation shall set a record date to determine shareholders for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such shareholders of any such dividend, distribution or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, no adjustment in the Exercise Price or the number of Warrant Shares issuable upon exercise of these Warrants shall be required by reason of the setting of such record date.
- (f) In the absence of a resolution of the directors of the Corporation fixing a record date for a stock dividend or other distribution comprising a Common Share Reorganization, a Rights Offering or a Special Distribution, the Corporation shall be deemed to have fixed as the record date therefor the effective date of such event.
- (g) The Corporation will not, whether pursuant to an adjustment under sections 4 and 5 or any other circumstances, be obligated to issue any fraction of a Warrant Share on any exercise or partial exercise of the Warrants. If any fractional interest in a Warrant Share would, except for the provisions of this section 5(g), be issuable upon the exercise or partial exercise of the Warrants, the number of Warrant Shares issuable shall be rounded down to the nearest whole number.
- (h) In the event of any question arising with respect to the adjustments provided for in sections 4 or 5, such question shall conclusively be determined by a firm of reputable chartered accountants appointed by the Corporation, which accountants may be the Corporation's auditors. Such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation and the Holder.

7. Proceedings Prior to Action Requiring Adjustment

- (a) As a condition precedent to the taking of any action that would require an adjustment pursuant to sections 4 or 5, the Corporation shall take or cause to be taken all such action as, in the opinion of counsel of the Corporation, may be necessary in order that the Holder shall be entitled to receive, upon exercise of the Warrants, the shares or other securities or property provided for under the provisions hereof.
- (b) Adjustments to the Exercise Price or the number of Warrant Shares purchasable pursuant to this Warrant Certificate may be subject to the prior approval of the Exchange.

8. Notice

At least twenty-one (21) days prior to any record date or effective date, as the case may be, for any event which requires or might require an adjustment in any of the rights of the Holder under this Warrant Certificate, including the Exercise Price and the number of Warrant Shares that are purchasable under this Warrant Certificate, the Corporation will deliver to the Holder, at the Holder's registered address, a certificate of the Corporation specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment has been given that is not then determinable, the Corporation will promptly after such adjustment is determinable deliver to the Holder, at the Holder's registered address, a certificate providing the calculation of such adjustment. The

Corporation hereby covenants and agrees that the register of transfers and share transfer books for the Warrant Shares will be open, and that the Corporation will not take any action that might deprive the Holder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such twenty-one (21) day period.

9. Replacement

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).

10. Covenants

The Corporation covenants with the Holder that so long as any obligations of the Corporation under this Warrant Certificate remain outstanding:

- (a) it will use its reasonable best efforts to at all times maintain its existence; will carry on and conduct its business in a prudent manner in accordance with industry standards and good business practice, and will keep or cause to be kept proper books of account in accordance with generally accepted accounting practice, subject to the completion of a Capital Reorganization in accordance with subsection 10(g) below;
- (b) it will cause the certificates evidencing the Warrant Shares, from time to time, subscribed and paid for, upon the exercise of the Warrants, to be duly issued and delivered in accordance with the conditions hereof or cause such Warrant Shares to be entered into a direct registration or other electronic book-entry system if no certificates are issued, provided that, if no certificates are issued, such Warrant Shares may be issued with a restricted CUSIP;
- (c) all Warrant Shares, which shall be issued upon exercise of the Warrants and payment of the Exercise Price, shall be fully paid and non-assessable shares;
- (d) it will reserve and keep available a sufficient number of Warrant Shares for the purpose of enabling it to satisfy its obligation to issue Warrant Shares upon the exercise of the Warrants;
- (e) it will: (i) use all reasonable efforts to ensure that the Common Shares remain listed on either the Exchange or Toronto Stock Exchange; (ii) and maintain the status of the Corporation as a reporting issuer not in default and otherwise remain in full compliance with the periodic reporting and other substantive requirements under the securities legislation of each of the Provinces of British Columbia, Alberta and Ontario provided that this covenant shall not prevent the Corporation from completing any transaction would result in the Corporation ceasing to be listed on the Exchange so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or the United States or cash, or the holders of the Common Shares have approved such transaction in accordance with the requirements of Canadian securities laws and corporate laws;
- (f) except as required by law, it will not close its transfer books or take any other action which might deprive the Holder of the opportunity of exercising its right to subscribe for Warrant Shares pursuant to the Warrant during the period of twenty-one (21) days after the giving of a notice required by section 8 or unduly restrict such opportunity;
- (g) it shall not complete or facilitate a Capital Reorganization if the effect of such Capital Reorganization is that:

- (i) all or substantially all of its assets become the property of, or are under the control of, or it is controlled (within the meaning of the *Income Tax Act* (Canada)) by, any other person (an "Acquiring Person"); and
- (ii) holders of Common Shares receive any other security in replacement of, or in addition to, their Common Shares,

unless, at or prior to or contemporaneously with the effective time of such Capital Reorganization, the Corporation and the Acquiring Person shall have executed such instruments and done such things as the Corporation, acting reasonably, considers necessary or advisable to establish that upon the consummation of such transaction:

- (iii) the Acquiring Person will have assumed all the covenants and obligations of the Corporation under this Warrant Certificate; and
- (iv) the Warrant and the terms set forth in this Warrant Certificate will be a valid and binding obligation of the Acquiring Person entitling the Holder, as against the Acquiring Person, to all the rights of the Holder under this Warrant Certificate.

The Acquiring Person shall possess, and from time to time may exercise, each and every right and power of the Corporation under this Warrant in the name of the Corporation or otherwise and any act or proceeding by any provision hereof required to be done or performed by any director or officer of the Corporation may be done and performed with like force and effect by the like directors or officers of the Acquiring Person; and

- (h) generally it will well and truly perform and carry out all of the acts or things to be done by it as provided by this Warrant Certificate.

11. Representations and Warranties

The Corporation represents and warrants to the Holder that:

- (a) it has obtained all required corporate authorization for the creation and issue of the Warrants and the performance of its obligations in connection with the Warrants and has provided for the issuance, subject only to receipt by the Corporation of the Exercise Price, of the Warrant Shares which Warrant Shares, when issued, will be issued as fully paid and non-assessable shares;
- (b) it has obtained all regulatory approvals (including, without limitation, the approvals of the Exchange) necessary or desirable for the issuance of the Warrants, the Warrant Shares to the Holder and the Warrant Shares, when issued, will be listed and posted for trading on the Exchange;
- (c) it is a "reporting issuer" not in default under the applicable securities legislation of each British Columbia, Alberta and Ontario;
- (d) the execution, delivery and performance by the Corporation of this Warrant Certificate will not violate any provision of the constating documents of the Corporation or any material contract to which the Corporation is a party or by which the Corporation is bound, nor will it create an event of default thereunder; and
- (e) this Warrant Certificate is a valid and enforceable obligation of the Corporation, enforceable in accordance with the provisions of this Warrant Certificate.

12. Time of the Essence

Time shall be of the essence of this Warrant Certificate.

13. Governing Law

This Warrant Certificate shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Holder irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario situated in the City of Toronto.

14. Headings

The division of this Warrant Certificate into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Warrant Certificate. The section headings in this Warrant Certificate are not intended to be full or accurate descriptions of the text to which they refer and shall not be considered part of this Warrant Certificate.

15. Number and Gender

In this Warrant Certificate, words (including, without limitation, defined terms) in the singular include the plural and vice-versa and words in one gender include all genders.

16. Invalidity

If any provision of this Warrant Certificate 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 Warrant Certificate shall not be affected thereby and shall remain valid and enforceable.

17. Amendment

This Warrant Certificate may only be amended, supplemented or otherwise modified by a written agreement signed by the Corporation and the Holder.

18. Further Assurances

The Corporation shall do such acts and shall execute such documents and will cause the doing of acts and will cause the execution of such further documents as are within its power in order to give full effect to the provisions of this Warrant Certificate.

19. Hold Periods, Legends and Re-sale Restrictions

- (a) If any of the Warrants are exercised prior to [●], 2020, the certificates representing the Warrant Shares to be issued pursuant to such exercise shall bear the following legends:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY SHALL NOT TRADE THE SECURITY BEFORE ●." [INSERT THE DATE THAT IS 4 MONTHS AND ONE DAY FROM THE DATE OF ISSUANCE OF THE WARRANTS].

- (b) If any Warrants are exercised in the United States or by or on behalf of a U.S. Person, the certificates representing the Warrant Shares to be issued pursuant to such exercise shall bear the following legends:

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. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY: (A) TO THE

CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) PURSUANT TO THE EXEMPTIONS FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY: (I) RULE 144 THEREUNDER, IF AVAILABLE; OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND, IN BOTH CASES, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, IN THE CASE OF PARAGRAPH (C)(I) OR (D) ABOVE, OR IF OTHERWISE REQUIRED BY THE CORPORATION, THE SELLER HAS FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

or, if issued in uncertificated form, be issued with a restricted CUSIP in accordance with Section 2(d).

Further, the Holder understands and acknowledges that, until such time as the Warrant Shares are no longer restricted securities pursuant to Rule 144(a)(3) under the U.S. Securities Act, the Warrant Shares may not be offered or sold or otherwise transferred, directly or indirectly, in the United States or to, or for the account or benefit of a U.S. Person, and it will not deposit any of the Warrant Shares with Cede & Co. or any successor thereto and it will also cause any nominee holding the Warrant Shares on its behalf to comply with the foregoing re-sale and transfer restrictions. In addition, if the Warrants are exercised in the United States or by or on behalf of a U.S. Person, the Holder exercising such Warrants will be deemed to have represented to the Corporation that the Holder has implemented appropriate internal controls and procedures to ensure that the Warrant Shares shall be properly identified in its records as restricted securities under the U.S. Securities Act that are subject to the re-sale and transfer restrictions set forth herein.

20. Successors and Assignment

Subject to compliance with all applicable securities legislation and the approval of the Exchange (if required in the circumstances), this Warrant Certificate and the rights evidenced by this Warrant Certificate may be transferred or assigned to an Affiliate of the Holder.

This Warrant Certificate shall enure to the benefit of and be binding upon the Corporation, the Holder and their successors. Reference in this Warrant Certificate to a "successor" of any body corporate shall be construed so as to include, but not limited to:

- (a) any amalgamated or other corporation of which such body corporate or any of its successors is one of the amalgamating or merging corporations;
- (b) any corporation resulting from any court approved arrangement of which such body corporate or any of its successors is a party;
- (c) any corporation resulting from the continuance of such body corporate or any successor of it under the laws of another jurisdiction of incorporation; and
- (d) any successor (determined as aforesaid or in any similar or comparable procedure under the laws of any other jurisdiction) of any corporation referred to in clause (a), (b) or (c).

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be executed by its duly authorized officer.

JAMES E. WAGNER CULTIVATION CORPORATION

Per: _____
●
●

SCHEDULE "A"

WARRANT EXERCISE FORM

TO: JAMES E. WAGNER CULTIVATION CORPORATION (the "Corporation")

In accordance with the provisions of a warrant certificate dated ●, 201[9] between the undersigned and the Corporation (the "Warrant Certificate"), the undersigned hereby exercises the Warrants, as indicated below:

# of Warrant Shares Purchased	Exercise Price/Share	Total Price
_____	CDN\$ _____	CDN\$ _____

In connection with the exercise of the Warrant Certificate, the undersigned represents as follows: (Please check the ONE box applicable):

1. The undersigned hereby certifies that: (a) at the time of exercise, it is not a U.S. Person and did not execute this Warrant Exercise Form while within the United States; (b) it is not exercising any of the Warrants represented by the Warrant Certificate by or on behalf of any U.S. Person or any person who is within the United States; (c) no "directed selling efforts" (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")) have been engaged in by the undersigned or on the undersigned's behalf; and (d) has in all other respects complied with the terms of an Off-Shore Transaction in compliance with Regulation S under the U.S. Securities Act.

2. The undersigned holder: (a) acquired the Warrants as a part of a private placement offering in the United States; (b) is exercising the Warrants solely for its own account or for the benefit of a U.S. Person or a person in the United States for whose account such holder acquired the Warrants in the private placement offering and for whose account such holders exercises sole investment discretion; (c) was and is, and any beneficial purchaser for whose account such holder acquired the Warrant and is exercising the Warrants was and is, an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act both on the date the Warrants were purchased and on the date hereof; and (d) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Corporation in connection with the acquisition of the Warrants pursuant to the private placement remain true and correct on the date hereof.

3. The undersigned is delivering a written opinion of U.S. counsel to the effect that the Warrant Shares to be delivered upon exercise hereof have been registered under the U.S. Securities Act or are exempt from registration thereunder.

Notes:

1. Warrant Shares will not be registered or delivered to an address in the United States unless Box 2 or 3 above is checked and the undersigned, upon exercise, will be deemed to have represented and warranted that it will comply with the re-sale and transfer restrictions set forth in Section 19(b) of the Warrant Certificate.

2. If Box 3 above is checked, holders are encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with the exercise will be satisfactory in form and substance to the Corporation.

3. The terms "United States", "U.S. Person" and "Off-Shore Transaction" have the meaning ascribed thereto pursuant to Regulation S under the U.S. Securities Act.

To pay for that portion of the Warrants being exercised, the undersigned, encloses a certified cheque or bank draft in Canadian currency made payable to the Corporation in the amount of CDN\$ _____.

The undersigned hereby directs that the Warrant Shares be issued as follows:

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OF WARRANT SHARES

The certificate(s) issued representing the Warrant Shares or related entry into a direct registration or other electronic book-entry system to which the undersigned is entitled following this exercise is to be in the name indicated below and, if issued, certificate(s) are to be forwarded to the undersigned at the address set forth below:

Name: _____

Address: _____

If the Warrant Exercise Form indicates that Warrant Shares are to be issued to a person or persons other than the registered holder of the Warrant Certificate, the signature on this Warrant Exercise Form must be guaranteed by a Canadian chartered bank, or eligible guarantor institution with membership in an approved signature guarantee medallion program. The guarantor must affix a stamp bearing the actual words "Signature Guaranteed".

Dated this _____ day of _____, 20____

Signature of Holder guaranteed by:

 Medallion Signature Guarantee Stamp of Holder

 Signature of Holder

 Witness

 Signature of Holder

Name of Holder

Name of Authorized Representative

Address of Holder

SCHEDULE "B"

TRANSFER FORM

FOR VALUE RECEIVED, the undersigned (the "Transferor") hereby sells, assigns and transfers unto _____, (the "Transferee") (include name and address of the transferee) _____ (number of Warrants) Warrants exercisable for common shares of James E. Wagner Cultivation Corporation (the "Corporation") registered in the name of the undersigned on the register of the Corporation maintained therefor, and hereby irrevocably appoints the Corporate Secretary of the Corporation as the attorney of the undersigned to transfer the said securities on the books maintained by the Corporation with full power of substitution.

Capitalized terms not defined herein have the meaning set out in the attached Warrant Certificate dated _____, 201[9] (the "Warrant Certificate").

DATED this _____ day of _____, 20__.

Signature of Transferor guaranteed by:

Medallion Signature Guarantee Stamp of Transferor

Signature of Transferor

Name of Transferor

Name of Authorized Representative

Address of Transferor

THE UNDERSIGNED HERBY CERTIFIES AND DECLARES that the Warrants are not being offered, sold, pledged or transferred to, or for the account or benefit of, a "U.S. person" (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")) or a person within the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration requirements is available, and an opinion of counsel confirming same, in form and substance acceptable to the Corporation and its counsel, or such other evidence as the Corporation may require, has been delivered to the Corporation. The undersigned Transferor understands and agrees that it shall bear all costs associated with: (a) obtaining any legal opinion tendered to the Corporation; and (b) the issuance of any new Warrant Certificate and any applicable transfer fees thereto, in connection with the transfer of Warrants in the United States or to, or for the account or benefit of, U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act) pursuant to an exemption from the registration requirements of the U.S. Securities Act and is encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with such transfer will be satisfactory in form and substance to the Corporation.

It is understood that the Corporation may require additional evidence necessary to verify the foregoing.

DATED this _____ day of _____, 20__.

Witness

Signature of Transferor

Name of Transferor

Name of Authorized Representative

Address of Transferor

Note:

The signature of the Transferor must correspond with the name written upon the face of this Warrant Certificate in every particular without any changes whatsoever.

Annexure B – Funds Flow Request

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

In connection with a Convertible Security Funding Agreement, dated December 29, 2019 (the **Agreement**) between James E. Wagner Cultivation Corporation (**Company**) and Lind Global Macro Fund, LP (**Investor**), the Company irrevocably authorises the Investor to distribute such funds as set out below, in the manner set out below, at the [**First Closing/ Second Closing**].

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

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

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

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

- Beneficiary name and address: ●

Yours sincerely,

JAMES E. WAGNER CULTIVATION CORPORATION

By: _____
Name
Title

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

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

GUARANTEE

Guarantee dated as of January 10, 2020 made by James E. Wagner Cultivation Ltd. to and in favour of the Lind Global Macro Fund, LP.

RECITALS:

- (a) The Secured Creditor has agreed to invest an amount of up to C\$10,000,000 in the Company, and the Company has agreed to issue convertible securities to the Secured Creditor in accordance with the terms of the Convertible Security Funding Agreement;
- (b) It is a condition precedent to the continuing extension of credit under the Convertible Security Funding Agreement that the Guarantor execute and deliver this Guarantee; and
- (c) The Company is the parent of the Guarantor and due to the close business and financial relationships between the Guarantor, the Company and the other affiliates party to the transactions contemplated by the Convertible Security Funding Agreement, the Guarantor will derive substantial direct and indirect benefits from such transactions and therefore the Guarantor considers it in its best interest to provide this Guarantee.

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

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

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

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

"Convertible Security Funding Agreement" means the Convertible Security Funding Agreement dated as of December 29, 2019, between the Company and the Secured Creditor, as the same may be amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time and includes any agreement extending the maturity of, refinancing or restructuring all or any portion of, the indebtedness under such agreement or any successor agreements, whether or not with the same Secured Creditor.

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

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

"Guarantee" means this guarantee.

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

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

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

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

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

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

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

Section 1.2 Interpretation.

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

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

ARTICLE 2 GUARANTEE

Section 2.1 Guarantee.

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

Section 2.2 Indemnity.

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

Section 2.3 Primary Obligation

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

Section 2.4 Absolute Liability.

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

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

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

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

ARTICLE 3 ENFORCEMENT

Section 3.1 Remedies.

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

Section 3.2 Amount of Obligations.

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

Section 3.3 Payment on Demand.

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

Section 3.4 Costs and Expenses.

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

Section 3.5 Assignment and Postponement.

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

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

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

Section 3.6 Suspension of Guarantor Rights.

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

Section 3.7 No Prejudice to Secured Creditor.

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

Section 3.8 No Subrogation.

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

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

Section 3.9 No Set-off.

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

Section 3.10 Successors of the Company.

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

Section 3.11 Continuing Guarantee and Continuing Obligations.

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

Section 3.12 Supplemental Security.

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

Section 3.13 Security for Guarantee.

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

Section 3.14 Right of Set-off.

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

Section 3.15 Interest Act (Canada).

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

Section 3.16 Taxes.

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

Section 3.17 Judgment Currency.

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

**ARTICLE 4
REPRESENTATIONS AND WARRANTIES**

Section 4.1 General.

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

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

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

**ARTICLE 5
GENERAL**

Section 5.1 Notices, etc.

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

- (a) to the Guarantor at:

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

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

with a copy to:

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

Attention: Russel Drew
Phone: 416-369-5260

- (b) to the Secured Creditor at:

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

Attention: Jeff Easton
Telephone: +1 646 395 3931

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

Section 5.2 No Merger, Survival of Representations and Warranties.

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

Section 5.3 Further Assurances.

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

Section 5.4 Successors and Assigns.

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

Section 5.5 Amendment.

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

Section 5.6 Waivers, etc.

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

Section 5.7 Severability.

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

Section 5.8 Application of Proceeds.

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

Section 5.9 Governing Law.

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

IN WITNESS WHEREOF the Guarantor has executed this Guarantee.

**JAMES E. WAGNER CULTIVATION
LTD.**

By: Nathan Woodworth
6832A3268973407B0525AE86C621B68C 

Authorized Signing Officer

GUARANTEE

Guarantee dated as of January 10, 2020 made by GrowthStorm Inc. to and in favour of the Lind Global Macro Fund, LP.

RECITALS:

- (a) The Secured Creditor has agreed to invest an amount of up to C\$10,000,000 in the Company, and the Company has agreed to issue convertible securities to the Secured Creditor in accordance with the terms of the Convertible Security Funding Agreement;
- (b) It is a condition precedent to the continuing extension of credit under the Convertible Security Funding Agreement that the Guarantor execute and deliver this Guarantee; and
- (c) The Company is the parent of the Guarantor and due to the close business and financial relationships between the Guarantor, the Company and the other affiliates party to the transactions contemplated by the Convertible Security Funding Agreement, the Guarantor will derive substantial direct and indirect benefits from such transactions and therefore the Guarantor considers it in its best interest to provide this Guarantee.

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

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

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

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

"Convertible Security Funding Agreement" means the Convertible Security Funding Agreement dated as of December 29, 2019, between the Company and the Secured Creditor, as the same may be amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time and includes any agreement extending the maturity of, refinancing or restructuring all or any portion of, the indebtedness under such agreement or any successor agreements, whether or not with the same Secured Creditor.

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

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

"**Guarantee**" means this guarantee.

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

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

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

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

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

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

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

Section 1.2 Interpretation.

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

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

ARTICLE 2 GUARANTEE

Section 2.1 Guarantee.

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

Section 2.2 Indemnity.

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

Section 2.3 Primary Obligation

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

Section 2.4 Absolute Liability.

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

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

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

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

ARTICLE 3 ENFORCEMENT

Section 3.1 Remedies.

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

Section 3.2 Amount of Obligations.

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

Section 3.3 Payment on Demand.

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

Section 3.4 Costs and Expenses.

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

Section 3.5 Assignment and Postponement.

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

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

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

Section 3.6 Suspension of Guarantor Rights.

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

Section 3.7 No Prejudice to Secured Creditor.

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

Section 3.8 No Subrogation.

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

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

Section 3.9 No Set-off.

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

Section 3.10 Successors of the Company.

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

Section 3.11 Continuing Guarantee and Continuing Obligations.

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

Section 3.12 Supplemental Security.

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

Section 3.13 Security for Guarantee.

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

Section 3.14 Right of Set-off.

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

Section 3.15 Interest Act (Canada).

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

Section 3.16 Taxes.

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

Section 3.17 Judgment Currency.

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

**ARTICLE 4
REPRESENTATIONS AND WARRANTIES**

Section 4.1 General.

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

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

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

**ARTICLE 5
GENERAL**

Section 5.1 Notices, etc.

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

- (a) to the Guarantor at:

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

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

with a copy to:

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

Attention: Russel Drew
Phone: 416-369-5260

- (b) to the Secured Creditor at:

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

Attention: Jeff Easton
Telephone: +1 646 395 3931

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

Section 5.2 No Merger, Survival of Representations and Warranties.

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

Section 5.3 Further Assurances.

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

Section 5.4 Successors and Assigns.

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

Section 5.5 Amendment.

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

Section 5.6 Waivers, etc.

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

Section 5.7 Severability.

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

Section 5.8 Application of Proceeds.

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

Section 5.9 Governing Law.

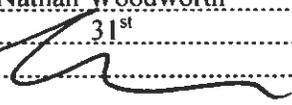
- (1) This Guarantee will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (2) The Guarantor irrevocably attorns and submits to the exclusive jurisdiction of any court of competent jurisdiction of the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

IN WITNESS WHEREOF the Guarantor has executed this Guarantee.

GROWTHSTORM INC.

By: Nathan Woodworth
6832A3268973407B0525AE86C621B68C contractworks

Authorized Signing Officer

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


.....
A COMMISSIONER FOR TAKING AFFIDAVITS

SECURITY AGREEMENT

Security agreement dated as of January 10, 2020 made by each of James E. Wagner Cultivation Corporation ("JWC"), James E. Wagner Cultivation Ltd. and GrowthStorm Inc. (collectively, the "Obligors" and each, an "Obligor") to and in favour of Lind Global Macro Fund, LP (the "Secured Creditor").

RECITALS:

- (a) The Secured Creditor has agreed to invest an amount of up to C\$10,000,000 in JWC, and JWC has agreed to issue convertible securities to the Secured Creditor in accordance with the terms of the Convertible Security Funding Agreement.
- (b) The Guarantors have guaranteed the obligations of JWC under the Convertible Security Funding Agreement pursuant to the Guarantees.
- (c) It is a condition precedent to the continuing extension of credit under the Convertible Security Funding Agreement and the provisions of the Guarantees that each Obligor execute and deliver this Agreement.

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

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

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

"**Agreement**" means this security agreement.

"**Collateral**" has the meaning specified in Section 2.1.

"**Convertible Security Funding Agreement**" means the Convertible Security Funding Agreement dated as of December 29, 2019, between JWC and the Secured Creditor, as the same may be amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time and includes any agreement extending the maturity of, refinancing or restructuring all or any portion of, the indebtedness under such agreement or any successor agreements, whether or not with the same Secured Creditor.

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

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

"**Guarantees**" means, together, and "**Guarantee**" means one of, the guarantees dated January 10, 2020 of the Guarantors in favor of the Secured Creditor.

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

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

"**Permitted Encumbrances**" means:

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

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

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

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

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

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

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

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

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

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

Section 1.2 Interpretation.

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

- (7) Any schedules attached to this Agreement form an integral part of it for all purposes.
- (8) Except as otherwise provided in this Agreement, any reference to this Agreement, any Credit Document or any Security Document refers to this Agreement or such Credit Document or Security Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached to it.
- (9) Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.
- (10) Except as otherwise provided in this Agreement, any reference to a corporation includes its successors.

ARTICLE 2 SECURITY

Section 2.1 Grant of Security.

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

Section 2.2 Secured Obligations.

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

- (a) all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by such Obligor to the Secured Creditor, in any currency, under, in connection with or pursuant to the Convertible Security Funding Agreement or any other Credit Document to which any Obligor is a party (collectively, and together with the Expenses, the "Secured Obligations"); and
- (b) all expenses, costs and charges incurred by or on behalf of the Secured Creditor in connection with this Agreement, the Security Interest or the Collateral regarding such Obligor or its Collateral, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of

taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Secured Creditor's interest in any Collateral, whether or not directly relating to the enforcement of this Agreement or any other Credit Document (collectively, the "Expenses").

Section 2.3 Attachment and Perfection.

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

Section 2.4 Scope of Security Interest.

- (1) To the extent that (but only for so long as) the grant of an assignment of or a security interest in, or an assignment of amounts payable and other proceeds arising under or in connection with, (i) any agreement, lease, licence, permit or quota of an Obligor would result in a breach or termination of such agreement, lease, licence, permit or quota, or (ii) any Securities of an Obligor would result in such Obligor being in breach of any shareholders agreement or similar agreement relating to such Security, (each, a "**Restricted Asset**"), the Security Interest provided for with respect to such Restricted

Asset will instead be a trust created in favour of the Secured Creditor, pursuant to which such Obligor holds as trustee all proceeds arising under or in connection with the Restricted Asset in trust for the Secured Creditor on the following basis:

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

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

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

Section 2.5 Care and Custody of Collateral.

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

degree of care as it would exercise with respect to its own Securities kept at the same place.

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

Section 2.6 Rights of the Obligors.

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

Section 2.7 Expenses.

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

**ARTICLE 3
ENFORCEMENT**

Section 3.1 Enforcement.

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

Section 3.2 Remedies.

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

- (a) entry onto any premises where Collateral consisting of tangible personal property may be located;

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

Section 3.3 Additional Rights.

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

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

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

Section 3.4 Exercise of Remedies.

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

Section 3.5 Receiver's Powers.

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

Section 3.6 Appointment of Attorney.

Effective whenever the Security Interest has become and continues to be enforceable, each Obligor hereby irrevocably constitutes and appoints the Secured Creditor (and any officer of the Secured Creditor) the true and lawful attorney of such Obligor. As the attorney of each Obligor, the Secured Creditor has the power to exercise for and in the name of such Obligor with full power of substitution, whenever the Security Interest has become and continues to be enforceable, any of such Obligor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement, delivery and transfer of the Collateral to the Secured Creditor, its nominees or transferees, and the Secured

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

Section 3.7 Dealing with the Collateral.

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

Section 3.8 Standards of Sale.

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

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

- (d) any sale conducted by the Secured Creditor will be at such time and place, on such notice and in accordance with such procedures as the Secured Creditor, in its sole discretion, may deem advantageous;
- (e) the Collateral may be disposed of in any manner and on any terms necessary to avoid violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Collateral) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;
- (f) a disposition of the Collateral may be on such terms and conditions as to credit or otherwise as the Secured Creditor, in its sole discretion, may deem advantageous; and
- (g) the Secured Creditor may establish an upset or reserve bid or price in respect of the Collateral.

Section 3.9 Dealings by Third Parties.

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

Section 3.10 ULC Shares.

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

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

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

ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 4.1 General.

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

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

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

Agreement, Permitted Encumbrances or the subordination agreement contemplated in Section 5.14.

(g) Investment Property and Instruments.

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

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

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

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

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

ARTICLE 5 GENERAL

Section 5.1 Notices.

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

Section 5.2 Discharge.

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

Section 5.3 No Merger, Survival of Representations and Warranties.

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

Section 5.4 Further Assurances.

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

Section 5.5 Supplemental Security.

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

Section 5.6 Successors and Assigns.

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

Section 5.7 Amalgamation.

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

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

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

Section 5.8 Severability.

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

Section 5.9 Amendment.

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

Section 5.10 Waivers, etc.

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

Section 5.11 Application of Proceeds of Security.

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

Section 5.12 Conflict.

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

Section 5.13 Governing Law.

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

Section 5.14 Subject to Intercreditor Agreement.

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

[Signature page follows]

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

JAMES E. WAGNER CULTIVATION CORPORATION

By: *Nathan Woodworth*
6832A3268973407B0525AE86C621B68C contractworks
Authorized Signatory

JAMES E. WAGNER CULTIVATION LTD.

By: *Nathan Woodworth*
6832A3268973407B0525AE86C621B68C contractworks
Authorized Signatory

GROWTHSTORM INC.

By: *Nathan Woodworth*
6832A3268973407B0525AE86C621B68C contractworks
Authorized Signatory

SCHEDULE A

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

The Obligors' full legal names:

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

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

SECURITIES

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

Securities held by James E. Wagner Cultivation Corporation

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

Securities held by James E. Wagner Cultivation Ltd.

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

Securities held by GrowthStorm Inc.

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

INSTRUMENTS

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

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

JWC has granted the following security:

File No.	Registration No.	Debtor(s)	Secured Party	Collateral Class
748423161	2019 0219 1336 1590 0287 Reg. 3 year(s) Expires February 19, 2022	James E. Wagner Cultivation Corporation	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423206	2019 0219 1336 1590 0288 Reg. 3 year(s) Expires February 19, 2022	James E. Wagner Cultivation Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle

748423431	2019 0219 1338 1590 0292 Reg. 3 year(s) Expires February 19, 2022	GrowthStorm Inc.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423377	2019 0219 1338 1590 0921 Reg. 3 year(s) Expires February 19, 2022	JWC Supply Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423314	2019 0219 1337 1590 0290 Reg. 3 year(s) Expires February 19, 2022	JWC 2 Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423269	2019 0219 1337 1590 0289 Reg. 3 year(s) Expires February 19, 2022	JWC 1 Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
756761418	20191022 1156 1590 8083 Reg. 10 years Expires October 22, 2029	James E. Wagner Cultivation Corporation	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
756761436	20191022 1157 1590 8084 Reg. 10 years Expires October 22, 2029	James E. Wagner Cultivation Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle

James E. Wagner Cultivation Ltd. has granted the following security:

File No.	Registration No.	Debtor(s)	Secured Party	Collateral Class
748423161	20190219 1336 1590 0287 Reg. 3 year(s) Expires February 19, 2022	James E. Wagner Cultivation Corporation	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423206	2019 0219 1336 1590 0288 Reg. 3 year(s) Expires February 19, 2022	James E. Wagner Cultivation Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
756761418	20191022 1156 1590 8083 Reg. 10 years Expires October 22, 2029	James E. Wagner Cultivation Corporation	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
756761436	20191022 1157 1590 8084 Reg. 10 years Expires October 22, 2029	James E. Wagner Cultivation Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle

GrowthStorm Inc. has granted the following security:

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

OTHER INVESTMENT PROPERTY

None.

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

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceedings commenced in Toronto

APPLICATION RECORD
(Volume 2 of 3)

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