



**Sixth Report of
KSV Kofman Inc.
as CCAA Monitor of
James E. Wagner Cultivation
Corporation, James E. Wagner
Cultivation Ltd., JWC 1 Ltd., JWC 2
Ltd., JWC Supply Ltd. and
GrowthStorm Inc.**

August 24, 2020

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COURT FILE NO.: CV-20-00639000-00CL

**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.**

SIXTH REPORT OF KSV KOFMAN INC. AS MONITOR

August 24, 2020

1.0 Introduction

1. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on April 1, 2020 (the "Initial Order"), James E. Wagner Cultivation Corporation ("JWC"), James E. Wagner Cultivation Ltd. ("JWCL"), JWC 1 Ltd. ("JWC1"), JWC 2 Ltd. ("JWC2"), JWC Supply Ltd. ("JWCS") and GrowthStorm Inc. ("GrowthStorm") (collectively, the "Companies") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and KSV Kofman Inc. ("KSV") was appointed monitor (the "Monitor").
2. Pursuant to the terms of the Initial Order, the Court, *inter alia*, approved (i) a debtor-in-possession loan facility (the "DIP Facility") in an interim maximum amount of \$800,000 from Trichome Financial Corp. ("TFC"), pursuant to a term sheet dated March 31, 2020 (the "DIP Term Sheet"), (ii) granted a charge in favour of TFC in this amount (the "DIP Lender's Charge") and (iii) granted a stay of proceedings in favour of the Companies (the "Stay of Proceedings").
3. At the comeback motion on April 9, 2020 (the "Comeback Motion"), the Court issued an Amended and Restated Initial Order (the "Amended and Restated Initial Order") and the bidding procedures and a sale and investment solicitation process (the "SISP") order (the "SISP Order").
4. The Amended and Restated Initial Order, *inter alia*, (i) approved the full amount of the DIP Facility, being \$4 million, and a corresponding increase in the DIP Lender's Charge, and (ii) extended the Stay of Proceedings.
5. The SISP Order approved, *inter alia*:
 - a. the SISP; and
 - b. an offer from TFC as the stalking horse bid in the SISP.

6. Pursuant to an order issued by the Court on May 11, 2020, the maximum amount of the DIP Facility and the DIP Lender's Charge were increased from \$4 million to \$5.5 million, which was projected to be sufficient to fund the Company's operations and the costs of these proceedings to June 30, 2020.
7. Pursuant to an order issued on June 2, 2020, the Court approved the stalking horse transaction (the "Transaction") between the Companies and TFC for the sale of substantially all of the Companies' assets pursuant to an Asset Purchase Agreement dated March 31, 2020 between the Companies and TFC, as amended (the "APA"). In accordance with the APA, TFC directed that title to the assets be vested in Trichome JWC Acquisition Corp. (the "Purchaser").
8. The Transaction is conditional on the Purchaser obtaining licenses that are substantially similar to the Health Canada Licenses, as defined below. The Purchaser cannot close the transaction until it has secured these licenses and addressed other regulatory matters.
9. Pursuant to the APA, the original outside date to complete the Transaction (the "Outside Date") was June 30, 2020. The Companies and the Purchaser have extended the Outside Date on two occasions, most recently to August 31, 2020, to provide the Purchaser with more time to obtain the licenses. In connection with extending the Outside Date, the Court has approved extensions to the Stay of Proceedings and increases to the DIP Facility and the DIP Lender's Charge. Most recently, on July 31, 2020, the Court issued an order extending the Stay of Proceedings to August 31, 2020 and increasing the maximum amount of the DIP Facility and the DIP Lender's Charge from \$7.2 million to \$8.2 million.
10. On July 31, 2020, the Court also issued an order, *inter alia*, (i) authorizing the Monitor and/or the Companies to file assignments in bankruptcy on behalf of the Companies; and (ii) terminating, upon the filing of a discharge certificate (the "Discharge Certificate"), the CCAA proceedings and discharging KSV in its capacity as the Monitor of the Companies. The termination of the CCAA proceedings and the discharge of the Monitor cannot happen prior to closing, which has not yet occurred.

1.1 August 31 Motion Date

1. The Companies have scheduled a motion returnable on August 31, 2020 (the "Motion Date"). As the Companies and the Purchaser continue to seek the required approvals and licenses from Health Canada, it is unclear if the Transaction will close prior to the Motion Date.
2. If the Transaction closes prior to the Motion Date, the Companies intend to seek an extension of the Stay of Proceedings to allow the Companies to address certain sundry issues related to the wind-down of their business. Once those are completed, the Monitor will file the Discharge Certificate. If the Transaction closes by the Motion Date, the Board of Directors is expected to resign shortly after closing and it will be necessary to expand the powers and authorities of the Monitor in such circumstance. Once the sundry matters have been addressed, the Monitor is likely to file an assignment in bankruptcy on behalf of each of the Companies.

3. If the Transaction does not close prior to the Motion Date, the Companies intend to seek an extension of the Stay of Proceedings to September 30, 2020, provided that if the Transaction then closes after the Motion Date but on or before September 30, 2020, the Companies are seeking a further extension of the Stay of Proceedings until the Discharge Certificate is filed. The Companies are also seeking an increase to the maximum amount that can be borrowed under the DIP Facility from \$8.2 million to \$9.2 million to provide additional time for the Transaction to close. The Companies and the Purchaser have agreed to extend the Outside Date to September 30, 2020 in this scenario. Additionally, under this scenario, the Board will not resign and will stay in place until the Transaction closes. However, the Companies are still seeking to expand the powers and authorities of the Monitor in such circumstance once the Board resigns.

1.2 Purposes of this Report

1. The purposes of this report (“Report”) are to:
 - a) report on the Companies’ cash flow forecast (the “Cash Flow Forecast”) from August 22, 2020 to September 30, 2020;
 - b) discuss the terms of an amendment to the DIP Term Sheet pursuant to which the maximum amount of the DIP Facility is to be increased, if required, from \$8.2 million to \$9.2 million (the “Fifth DIP Amendment”);
 - c) recommend that the Court issue an order:
 - i. if the Transaction closes prior to the Motion Date, extending the Stay of Proceedings until the Monitor files the Discharge Certificate; or, in the alternative, if the Transaction does not close prior to the Motion Date, approving the Fifth DIP Amendment, increasing the amount of the DIP Lender’s Charge to \$9.2 million and extending the Stay of Proceedings from August 31, 2020 to September 30, 2020, provided that if the Transaction closes after the Motion Date but on or before September 30, 2020, the Stay of Proceedings will be further extended until the Discharge Certificate is filed;
 - ii. granting, following the resignation of the Directors, the Monitor enhanced powers, including authority over the business and operations of the Companies; and
 - iii. approving the activities of the Monitor described herein.

For clarity, the Companies have proposed two forms of Orders, and the Monitor understands that the Companies will advise the Court at the Motion Date which Order they will be seeking based on whether the Transaction has closed.

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon the unaudited financial information of the Companies, the books and records of the Companies and discussions with the Companies, the Companies' counsel and TFC.
2. The Monitor has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.
3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Companies' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.
4. In the context of the current COVID-19 pandemic, there is uncertainty related to consumer, supply chain, governmental and other macro-economic factors and how these and other factors may affect the Companies and their operations. The effect of COVID-19 on the Companies may be material. The full effect of COVID-19 is unknown and cannot be quantified at this time.

1.4 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

2.0 Background

1. JWC's principal business is the production and sale of cannabis through its wholly-owned subsidiary and license holder, JWCL. The Monitor understands that JWC1, JWC2, JWCS and GrowthStorm do not presently conduct, and have never conducted, active business operations. The corporate chart for the Companies is provided in Appendix "A".
2. JWC's common shares were listed on the Toronto Stock Venture Exchange and the OTCQX. On July 29, 2020, the Ontario Securities Commission issued a cease trade order in respect of JWC's common shares.
3. The Companies' operations are based in Kitchener, Ontario. JWC leases the following three properties: (i) manufacturing facilities located at 855 Trillium Drive, Unit B, Kitchener, Ontario and 530 Manitou Drive, Kitchener Ontario; and (ii) office space located at 860 Trillium Drive, Kitchener, Ontario.

4. JWCL holds the following two cannabis licenses (jointly, the “Health Canada Licenses”):
 - a) a license which permits JWCL to cultivate, process and sell cannabis for the medical market and to sell all of the authorized classes of cannabis to provincially/territorially authorized distributors/retailers and directly to consumers with medical documents, which include cannabis plant seeds, cannabis plants, dried cannabis, fresh cannabis, edible cannabis, cannabis topicals, cannabis extracts and cannabis oil; and
 - b) a license which permits JWCL to cultivate cannabis and sell plant seeds and cannabis plants to provincially/territorially authorized distributors/retailers.
5. The Companies have approximately 110 employees. The employees are not unionized and the Companies do not maintain a pension plan.

2.1 Secured Creditors

2.1.1 TFC

1. TFC is a secured lender to the Companies pursuant to a loan agreement dated February 19, 2019, which was amended and restated on November 6, 2019 (as amended by amendments dated January 9, 2020, February 19, 2020 and March 10, 2020) (collectively, the “Loan Agreement”). The current amount outstanding under the Loan Agreement is approximately \$7.6 million.
2. TFC is also the lender to the Companies under the DIP Facility. As of August 20, 2020, the current amount owing under the DIP Facility was approximately \$8 million.

3.0 Cash Flow Forecast

1. If the Transaction does not close prior to the Motion Date, the Companies are seeking an extension of the Stay of Proceedings to September 30, 2020. The Companies have prepared the Cash Flow Forecast for the period August 22, 2020 to September 30, 2020 on the basis that the Transaction does not close prior to the Motion Date. The Cash Flow Forecast reflects that the Companies will need to borrow up to an additional \$1 million through to the end of September 2020, which would bring the balance owing under the DIP Facility to \$9.2 million. The Cash Flow Forecast and the Companies' statutory report on the cash flow pursuant to Section 10(2)(b) of the CCAA is attached as Appendix “B”.
2. Based on the Monitor's review of the Cash Flow Forecast, the cash flow assumptions appear reasonable. The Monitor's statutory report on the Cash Flow Forecast is attached as Appendix “C”.
3. Once the Transaction closes, whether prior to the Motion Date or after, the operations of the business will be discontinued and will require no further funding. To the extent any funding is required, it will be provided by TFC under a mechanism contemplated by the APA in the Transaction, which is referred to as the Closing Cash Payment. The Closing Cash Payment is an amount to be funded by TFC which is sufficient to cover outstanding professional fees and operating costs of the proceedings.

4.0 Fifth DIP Amendment

1. A copy of the Fifth DIP Amendment is attached as Appendix “D”.
2. The Fifth DIP Amendment will only be necessary if the Transaction has not closed by the Motion Date. Pursuant to the terms of the Fifth DIP Amendment:
 - a. the DIP Facility is to be increased by \$1 million to \$9.2 million;
 - b. the Companies are required to seek Court approval of a corresponding increase in the DIP Lender's Charge; and
 - c. the maturity date of the DIP Facility is to be extended from August 31, 2020 to September 30, 2020.
3. The Monitor recommends the Court issue an order approving the Fifth DIP Amendment if the Transaction does not close by the Motion Date as:
 - a) the Companies would require additional funding to continue to operate the business while the Companies and the Purchaser continue to address regulatory matters;
 - b) funding the business without disruption is in the interest of completing the Transaction, which will maximize recoveries and result in employment for approximately 110 individuals; and
 - c) no stakeholder is prejudiced by the Fifth DIP Amendment.

5.0 Stay Extension

1. The Stay of Proceedings currently expires on August 31, 2020.
2. The Companies require an extension of the stay of proceedings whether the Transaction closes or if it fails to close by the Motion Date. In the former case, the extension will allow the Monitor to address various sundry matters related to the wind-down of the business following closing (including assisting to deal with tax matters), and in the latter case, to continue to operate the business until the Transaction can be completed.
3. The Monitor supports the request for an extension of the Stay of Proceedings for the following reasons:
 - a) the Companies have been acting, and continue to act, in good faith and with due diligence;
 - b) no creditor will be prejudiced by the extension;
 - c) as of the date of this Report, neither the Companies nor the Monitor is aware of any party opposed to an extension; and
 - d) the Companies are projected to have sufficient liquidity regardless of the status of the Transaction at the Motion Date. Prior to closing, the Companies will be funded through the DIP Facility. Following closing, the Companies will be funded from the Closing Cash Payment.

6.0 Enhanced Powers

1. Following the closing of the Transaction, the Monitor understands that each of the Directors of the Companies is expected to resign. Shortly following closing, the Companies will discontinue their operations and all or substantially all employees will become employees of the Purchaser.
2. The Companies are seeking to expand the current powers of the Monitor to address certain ancillary post-closing issues, including addressing outstanding tax filings. The enhanced powers are only to become effective upon the resignation of the Directors and will ensure an orderly and efficient end to these CCAA proceedings. The Monitor is not aware of any parties affected or prejudiced by this relief and has agreed to take on the enhanced powers, provided the Court makes the order.

7.0 Monitor's Activities

1. The Monitor's activities from the date of its Fifth Report to Court dated May 25, 2020 have included:
 - a) corresponding regularly with the Companies, including senior executives, the Chief Restructuring Officer and the Special Committee of the Board of Directors regarding operational issues, regulatory matters and transaction related transition issues;
 - b) continuing to assist the Companies with communications to suppliers, customers and other parties;
 - c) monitoring the Companies' receipts and disbursements;
 - d) assisting the Companies to file their sales tax returns;
 - e) corresponding with Kitchener Wilmot Hydro regarding payments related to a settlement reached for the supply of electricity during the CCAA;
 - f) discussing these proceedings with TFC and its legal counsel;
 - g) assisting the Companies to prepare the weekly reporting required in connection with the DIP Facility;
 - h) assisting the Companies to prepare updated cashflow forecasts;
 - i) preparing this Report;
 - j) corresponding with TFC and its counsel and advisors regarding the Health Canada Licenses; and
 - k) considering post closing transition issues with TFC.

8.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.2 (1)(c) of this Report.

* * *

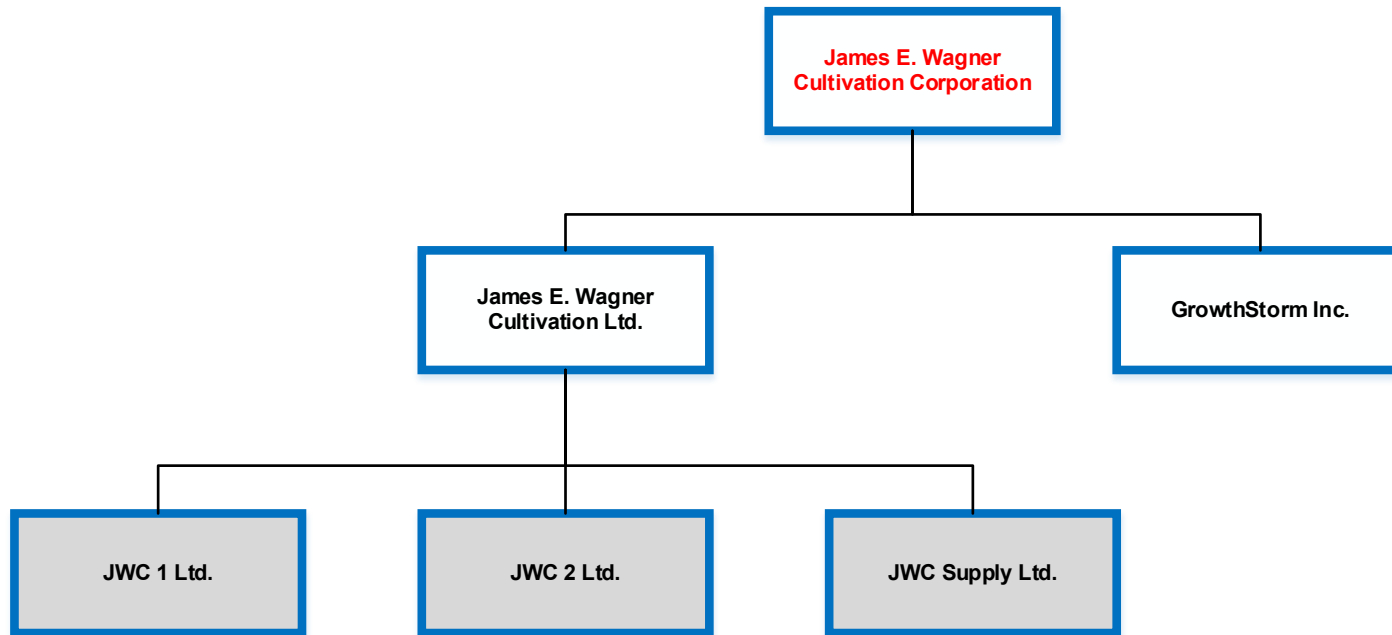
All of which is respectfully submitted,

A handwritten signature in blue ink that reads "KSV Kofman Inc." in a cursive, slightly stylized font.

**KSV KOFMAN INC.
IN ITS CAPACITY AS MONITOR OF
JAMES E. WAGNER CULTIVATION CORPORATION, JAMES E. WAGNER CULTIVATION
LTD., JWC 1 LTD., JWC 2 LTD., JWC SUPPLY LTD. AND GROWTHSTORM INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

James E. Wagner Cultivation Corporation Organizational Structure



Appendix “B”

James E. Wagner Cultivation Corporation and Related CCAA Applicants

Projected Statement of Cash Flow

For the Period Ending September 30, 2020

(Unaudited; \$C)

	Notes	Weeks Ending					Total
		28-Aug-20	04-Sep-20	11-Sep-20	18-Sep-20	30-Sep-20	
	1						
<i>Receipts</i>							
Collections from Cannabis Sales	2	338,035	17,250	17,250	17,250	60,802	450,587
<i>Disbursements</i>							
Operating Costs	3	11,000	299,143	77,250	299,371	56,000	742,764
Occupancy Costs	4	97,000	231,053	-	90,000	30,000	448,053
Excise Taxes	5	28,000	-	-	-	23,000	51,000
<i>Total Operating Disbursements</i>		136,000	530,196	77,250	389,371	109,000	1,241,817
<i>Net Cash Flow Before the Undernoted</i>		202,035	(512,946)	(60,000)	(372,121)	(48,198)	(791,230)
Restructuring Costs	6	-	-	115,000	-	-	115,000
DIP Interest	7	15,493	15,493	16,273	16,635	17,376	81,270
<i>Net Cash Flow</i>		186,542	(528,439)	(191,273)	(388,756)	(65,573)	(987,500)
Opening Cash Balance		181,779	368,321	-	-	-	181,779
DIP Financing	8	-	160,118	191,273	388,756	65,573	805,721
Closing Cash Balance		368,321	-	-	-	-	-
DIP Loan Balance		8,378,219	8,538,337	8,729,611	9,118,366	9,183,940	9,183,940

James E. Wagner Cultivation Corporation and Related CCAA Applicants

Notes to Projected Statement of Cash Flow

For the Period Ending September 30, 2020

(Unaudited; \$C)

Purpose and General Assumptions

1. The purpose of the projection is to present a cash flow forecast of the Companies for the period from August 22 to September 30, 2020 (the "Period") in respect of their proceedings under the Companies' Creditors Arrangement Act ("CCAA").

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

Hypothetical Assumptions

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

Probable Assumptions

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

**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.**

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)

The management of James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and Growthstorm Inc. (collectively, the "Applicants") have developed the assumptions and prepared the attached statement of projected cash flow as of the 24th day of August, 2020 for the period August 22, 2020 to September 30, 2020 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual events will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 24th day of August, 2020.

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



Howard Capital LLC, Chief Restructuring Officer

Appendix “C”

**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.**

**MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)**

The attached statement of projected cash-flow of James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and Growthstorm Inc. (collectively, the "Applicants"), as of the 24th day August, 2020, consisting of a weekly projected cash flow statement for the period August 22, 2020 to September 30, 2020 ("Cash Flow") has been prepared by the management of the Applicants for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management and employees of the Applicants. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario this 24th day of August, 2020.

A handwritten signature in blue ink that reads "KSV Kofman Inc." in a cursive, stylized font.

**KSV KOFMAN INC.
IN ITS CAPACITY AS PROPOSED CCAA MONITOR OF
JAMES E. WAGNER CULTIVATION CORPORATION,
JAMES E. WAGNER CULTIVATION LTD., JWC 1 LTD.,
JWC 2 LTD., JWC SUPPLY LTD. AND GROWTHSTORM INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “D”

FIFTH AMENDMENT TO INTERIM FINANCING TERM SHEET

This FIFTH AMENDMENT TO INTERIM FINANCING TERM SHEET (this “**Amendment**”) is made as of August 24, 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 (collectively, 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 interim financing term sheet dated as of March 31, 2020 among the Borrower, the Guarantors and the Lender, as amended by the first amendment dated as of May 4, 2020, as amended by the second amendment dated as of May 25, 2020, as amended by the third amendment dated as of June 23, 2020, as amended by the fourth amendment dated as of July 22, 2020 (as may be further amended, restated, modified, replaced or superseded from time to time, the “**Loan Agreement**”).

ARTICLE 1 INTERPRETATION

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

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

ARTICLE 2 AMENDMENTS TO THE LOAN AGREEMENT

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

- 2.1.1 Section 6 (*Interim Facility, Maximum Amount*) of the Loan Agreement is hereby amended by deleting “\$8,200,000” and replacing it with “\$9,200,000”.
- 2.1.2 Section 12 (*Term and Maturity Date*) of the Loan Agreement is hereby amended by deleting “August 31, 2020” and replacing it with “September 30, 2020”.

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 its 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 Interim Financing Credit 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; and
- (d) no Default or Event of Default has occurred and is continuing.

ARTICLE 4 CONDITIONS

Section 4.1 Conditions Precedent. This Amendment shall become effective on the date upon which there has been receipt by the Lender of the following (which conditions precedent are for the sole and exclusive benefit of the Lender and may be waived by the Lender):

- 4.1.1 a counterpart of this Amendment executed by each party hereto; and
- 4.1.2 the CCAA Court shall have issued an order, in a form acceptable to the Lender and the Obligors, approving this Amendment and an extension of the CCAA Proceedings as a result of the transaction contemplated in the Asset Purchase Agreement dated as of March 31, 2020 between the Obligors, as vendors, and the Lender, as purchaser, failing to close on or before August 31, 2020.

ARTICLE 5 MISCELLANEOUS

Section 5.1 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 5.2 Benefits. This Amendment is binding upon and will inure to the benefit of the Parties and their respective permitted successors and assigns.

Section 5.3 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 5.4 Interim Financing Credit Document. This Amendment constitutes an Interim Financing Credit Document for all purposes under the Loan Agreement.

Section 5.5 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: PHILIP ARMSTRONG

Name:

Title:

GUARANTORS:

**JAMES E. WAGNER CULTIVATION
LTD.**

By: PHILIP ARMSTRONG

Name:

Title:

JWC 1 LTD.

By: PHILIP ARMSTRONG

Name:

Title:

JWC 2 LTD.

By: PHILIP ARMSTRONG

Name:

Title:

JWC SUPPLY LTD.

By: PHILIP ARMSTRONG

Name:

Title:

GROWTHSTORM INC.

By: PHILIP ARMSTRONG
Name:
Title:

LENDER:

TRICHOME FINANCIAL CORP.

By: 

Name: Michael Ruscetta
Title: Chief Executive Officer